

**SOCIOLOGY**  
**APPLIED TO**  
**PRACTICAL POLITICS.**

BY

**JOHN BEATTIE CROZIER,**

**HON. LL.D.,**

*Author of*

*"Civilisation and Progress," "History of Intellectual Development,"*

*"The Wheel of Wealth," &c.*

---

**LONGMANS, GREEN AND CO.,**  
**39, PATERNOSTER ROW, LONDON;**  
**NEW YORK, BOMBAY, AND CALCUTTA.**

**1911.**

**PRINTERS**

**ARMY AND NAVY CO-OPERATIVE SOCIETY, LIMITED,  
115, VICTORIA STREET, LONDON, S.W.**

TO

MY FRIEND AND FELLOW-COUNTRYMAN,

SIR GILBERT PARKER,

Canada's premier Novelist, and one of the  
most prominent exponents of her interests  
in the Imperial Parliament,

I DEDICATE

THIS VOLUME.

## PREFACE.

---

**I**N my first volume, *Civilization and Progress*, I endeavoured to lay down the First Principles of Sociology with their laws and dependencies, in so far, that is to say, as these could be extracted from a general survey of the evolution of Societies and Nations as a whole. In the third volume of my *History of Intellectual Development* I went a step farther, and endeavoured to exhibit the practical use to which such First Principles might be put, if they were applied to the Politics of different nations, over periods of time sufficiently long to allow temporary disturbances calculated to deflect them from their normal course of evolution to work themselves out. For this purpose, I selected as object-lessons for my forecast the Political and Social Evolution of England, France, and America, respectively, for the Twentieth Century, as foreshadowed from their evolution in the Past; my idea being to see to what extent Sociology could supply Politics with an instrument, or set of principles, which, like a ship's compass and chart, would enable practical Statesmen to embark with more confidence and on longer voyages over the open political sea of the Future, than would be possible at present, where from the absence of such compass and chart they are obliged, like ancient mariners, to hug the shore, and living from hand to mouth, to wait patiently on Providence for wind and tide. Now, should Sociology be able to furnish us with such general guidance, it would at least help to keep the evolution of nations up to the highest possibilities marked out for them by their special natural powers and advantages; as well as keep that evolution in as straight a path as possible, and so avoid those to-and-fro tackings and zig-zags of political reaction, which obscure a nation's political bearings, confuse its judgments, and waste its force.

But in the present volume I am prepared to go still farther, and have endeavoured to show that if Sociology is to fully justify itself as a science whose principles cannot be neglected with impunity by practical Statesmen, it ought to be able to render some assistance in the solution of the political, social,



and economic problems of the passing day as well; and it is to just these problems that I propose to apply, in the present volume, such of the First Principles of Sociology as seem to me to be at once relevant and indispensable.

And accordingly, when questions like those of Socialism, Tariff Reform, Imperial Preference, the Mixing of Races, Race Degeneration, etc., chanced to come to the front, I seized the opportunity to get a hearing, in one or other of our Reviews, for the treatment of them from the side of Sociology; and it is of these articles that the present volume forms a collection.

Each section of the book has, I may mention, a unity of its own running through its chapters; so much so, indeed, that they may be said to form rather a number of small books, than a bundle of heterogeneous magazine articles merely. In most of these divisions, small as they are, I have practically said, without padding, all that I had to say on the subjects discussed.

As regards my method of treatment of these various subjects, it has in all cases been the same; and consists simply in driving back the logical arguments of my opponents to their First Principles, that is to say, to those presuppositions of a sociological nature (often held by them quite unconsciously) of which I propose to exhibit the fallacy,—presuppositions on which their whole logical train of argumentation proceeds. I then try to plant my own flag of First Principles or Presuppositions in their place on the mast-head; deducing all such sequences and connexions as occur to me from my own special principles, and—after comparing them with those of my opponents—leaving the issue to the reader.

The articles on Mr. Kidd and Mr. Wells, and the note on Herr Houston Chamberlain, have been embodied in this volume, with the object of showing what kind of Sociology it is from whose First Principles no help need be looked for by Practical Politicians; and what kind, on the other hand, is likely to be useful; as well as of exhibiting by these means the diagnostic symptoms which will enable the reader to judge in each case

for himself. In the chapter on Taxation Schemes, I have made special reference to the schemes of Mr. Bernard Shaw and Mr. Sidney Webb, inasmuch as in these schemes, the way by which they came to their Socialism, and especially to their Fabian variety of it, as well as the carefully hidden devices by which they covered up their tracks, is clearly seen.

A word or two, perhaps, may here be said in reference to the articles on Free Trade and Protection. As the title of the first of them indicates—*A Plea for Reconsideration*,—they were the first attempt made in England to re-open, from the *speculative* side, the then long-closed Tariff Controversy, by the presentation of a fresh set of arguments in favour of Protection. Like all the younger men of a generation ago, I had been brought up in the simple unquestioning belief in Free Trade; and it was not until I began to concentrate my attention on the materials which I had for years been collecting for my volume on Political Economy, *The Wheel of Wealth*, that I became aware, to my surprise, that the entire drift and trend of my deductions from these materials ran steadily and uniformly in the direction of Protection—and not of Free Trade. As these fresh considerations emerged one after another in my mind, they became the occasion for a series of articles in the *Fortnightly Review*. With the exception of one or two sentences here and there added or subtracted, I have left them as they appeared, with the many personal and political associations and allusions of the time still clinging to them; in the hope that this local colouring may in the future prove a useful historical document bearing on the attitude of the public and the Press to Protection in the year or two immediately preceding the taking up of the question by Mr. Chamberlain. But the main reason for my publishing the articles as they were written is, that they represent successively higher stages of the argument in favour of Protection; beginning with the most general considerations, and ascending to more and more definite positions; until in the

article on Professor Marshall's *Memorandum*, more recently written, the argument reached not only the highest point of condensation of which I was capable, but put into a single proposition the essence and upshot of all the preceding argumentation; so much so, indeed, that were it alone fairly and squarely refuted, I personally should be prepared frankly to throw Protection overboard altogether. I trust, therefore, that I have made the argument in that particular section so clear and free from ambiguity, that my opponents may join issue with me on its few main points alone, if on no others.

I regret that when the articles are read consecutively, the repetition of certain doctrines may be felt by some readers to have been carried to excess. My apology must be, firstly, that they are the few central doctrines for the sake of which all the rest of the book has been written; secondly, that all along the years during which the articles were appearing, these doctrines were not recognised by any of the political parties in the State; thirdly, that fresh situations and complications were constantly arising to enforce anew the necessity of their reiteration and application; and lastly, that even to-day they have scarcely yet got beyond the threshold of our political consciousness, let alone come into their full heritage. Especially is this the case with three of the more important of these political principles drawn from Sociology; first, the atrocity of mixing antagonistic races, colours, and creeds on the same areas of political soil; second, the fallacy of applying the purely *abstract ideal* of Justice to any political situation whatever—instead of that relatively *concrete* justice (made up of many co-operating elements) which orderly evolution demands; thirdly, the thick and thin devotion to that mischievous doctrine of *Laissez-faire* (now at last in its dotage, thank Heaven!) which has allowed the concentrated dust heaps and slumdom of degenerate humanity to accumulate unchecked, until they have reached that point of despair which we see to-day; and fourthly, that it is impossible, except by constant

repetition, for any mere writer to get a serious hearing for any political doctrine whatever, until or unless he can manage to get it proclaimed by responsible Statesmen from within the four walls of Parliament.

As for the Young Turks and their Constitution, I am afraid that my over-confident and perhaps gratuitous prophecy cannot be said to have as yet been justified by the event; still, I think it right to let it remain as written, on the ground that oftentimes in a reasoned and connected argument, as much of value comes out of an author's misses and mistakes as out of his more palpable or fortunate hits.

The articles on Banking are illustrations rather of the application of Political Economy to the subject, than of Sociology; but I have introduced them here, not only with the view of giving the unfamiliar reader, through the medium of a pictorial presentation, some idea of the mechanism of a great Banking System in operation, but of making him realize how all-important is the question of Credit for a nation, as for an individual. The contrast between English and American Banking was introduced to bring out the profound effect which the stage of Industry reached in a country may have on the stability of its Credit System. As regards the forecast itself, which I have ventured to make, of the future of Banking in England and America respectively, it makes no pretension to any authoritative or dogmatic value—that is a question for the experts to decide—but it may serve as a kind of hypothetical object-lesson for the purpose of exhibiting how great a part is played both by the Sociological and Political conditions of the environment, even on so apparently self-enclosed and independent a department of business as that of Banking.

I have to thank the Editors of the *Fortnightly Review* and of the *Daily Mail* for their kind permission to re-publish the articles which originally appeared in their respective columns.

J. B. C.

ATHENÆUM CLUB,  
PALE MALL, S.W.  
July, 1911.

## BOOK I

---

### A CHALLENGE TO SOCIALISM.

CHAP. I.—THE STREET-CORNER MEN . . .	3-20
„ II.—ON SOCIAL JUSTICE . . .	21-39
„ III.—THE FABIANS AND PARLIAMENTARIANS .	40-57
„ IV.—A DIALOGUE WITH MARX . . .	58-76

## BOOK II.

---

### SOCIOLOGY AND POLITICS.

CHAP. I.—MR. KIDD'S "PRINCIPLES OF WESTERN CIVILISATION" . . .	79-97
„ II.—MR. WELLS AS A SOCIOLOGIST. . .	98-112
„ III.—A SOCIOLOGICAL SYMPOSIUM . . .	113-119
„ IV.—RACE, COLOUR, AND CREED . . .	120-131
„ V.—A NOTE ON RACE DEGENERATION . .	132-136

## BOOK III.

---

### SOCIOLOGY AND POLITICAL ECONOMY.

CHAP. I.—FREE TRADE OR PROTECTION FOR ENGLAND	139-148
„ II.—HOW TO RUIN A FREE TRADE NATION .	149-174
„ III.—THE CONDITION OF ENGLAND QUESTION .	175-199
„ IV.—FREE TRADE, PROTECTION, AND PREFER- ENCE . . .	200-221
„ V.—SUGGESTIONS FOR A NEW POLITICAL PARTY	222-244
„ VI.—TAXATION SCHEMES AND THEIR VALUES .	245-265
„ VII.—PROFESSOR MARSHALL'S "MEMORANDUM ON FISCAL POLICY" . . .	266-286
„ VIII.—THE ENGLISH BANKING SYSTEM IN OPERATION . . .	287-306
„ IX.—ENGLISH AND AMERICAN BANKING CONTRASTED . . .	307-316

# BOOK I.

---

## A CHALLENGE TO SOCIALISM.

## CHAPTER I.

---

### THE STREET-CORNER MEN.\*

I PROPOSE in this article to touch only on those underlying doctrines of Socialism on which all the "street-corner" orators of the party are practically agreed, as it is on the opinions of these men, owing to the mass of votes they control, that Socialism as a working scheme for the organic reconstruction of society, if it ever come at all, will have to be built. As for the "intellectuals" of the party in Parliament and in the Fabian Society, on the other hand—men like Mr. Ramsay MacDonald, Mr. Snowden, Mr. Wells, and Mr. Bernard Shaw—I have myself so much in common with them, that my criticism of them will be confined to a much narrower belt of doctrine, though one even more important, namely, their scheme of Social Reorganisation itself.

In Mr. Robert Blatchford, however, who, as the leader of the street-corner men, has been hailed by one writer as the "Rousseau of Socialism," and by another as "the most influential force in socialistic literature," I am glad to recognise an opponent of the highest honour and sincerity, and one, too, whose views and expositions have commended themselves to the great masses of the party, more, perhaps, than those of any other single writer. If, then, in this friendly passage of arms I am obliged, in order to bring out my points more clearly, to

\* *Fortnightly Review*, January, 1908

represent my opponent's positions as moves in a somewhat slippery game, it is on the distinct understanding that no unworthy moral implication is anywhere involved,—any more, indeed, than in all sincere party controversy, where the rival leaders, if they have managed to deceive their followers, have only done so after first having deceived themselves.

Without further preliminary, then, I shall plunge at once into the heart of my subject, and let my story tell itself as it goes along; the upshot of my demonstration being to prove that, until the intellectual world has entirely lost its centre of gravity, Socialism, except by a physical-force revolution, cannot, and will not, come.

Now, the proposals of the Socialists are so well known that they need only detain us for a moment. They may be formulated as follows:—Firstly, the taking over by the State of the whole of the instruments of Production, of Distribution, and of Exchange, to be worked in the interests of the great mass of the people; secondly, the contention that in the normal course of Social Evolution the time is now ripe for this to be inaugurated, and for the process of social reconstruction founded on it to begin; and, lastly, that this reorganisation is not only to be sanctioned, but to be initiated, directed, and controlled, by the Working Classes or by those of their leaders in whom they may choose to repose confidence.

On these positions there is a practical unanimity of opinion among all classes of Socialists; but as to the amount of compensation to be paid to the owners for their expropriation by the State, this will differ according to the wing of the Socialist camp to which they happen to belong. The street-corner men, with their vast army of followers, would give the owners but a short shrift, with scant compensation or none; the Parliamentary cohort would be somewhat more liberal, perhaps even indulgent; while the Intellectuals of the Fabian right wing would make their terms with the dispossessed landlords and capitalists so easy, and their absorption by the



State so gradual, that in a cause at once so noble, patriotic, and honourable, *noblesse oblige* itself would almost suffice to secure their acquiescence, and make them doff their hats to it all, in token of their courtesy and goodwill! But however much the different wings of the party may differ on this matter of compensation, whether on the ground of principle, of expediency, or of common social decency, all are agreed in the three points I have mentioned above. But these are so complete a turning upside down of all the recognised processes of human evolution up to the present hour (except as episodes in times of revolution), are so clearly a case of the tail wagging the dog instead of the dog its tail, that what I have to do here is to show where these curious conceptions came from, what the intellectual illusions are which have given colour to them, and made them seem plausible, and what the reasons are which have made it appear that the time is ripe for their inauguration and advent.

For all practical purposes, then, we may say that these fundamental conceptions of Socialism arose and gained currency through the peculiar Political Economy of Karl Marx. He had observed that Modern Machine Production, unlike the hand production of the preceding centuries, yielded a large *surplus* over and above what was necessary for a decent subsistence; and that this surplus, ever mounting up higher and higher, was being drained off and diverted into the pockets of a small body of men—the Capitalists—who had had the good fortune, while playing the game of wealth according to the constitution and laws of the country, to get hold of these machines. And as the question with Marx was one, not so much of ordinary *legal* justice as of strict *economic* justice in the division of the surplus—whereby each man should get the fruits of his labour, neither more nor less—it became necessary as a preliminary for him to enquire as to precisely what men or body of men it was to whom this surplus was due, and without whose special exertions it could not have come into

being at all. Now, Marx himself quite recognised that the Working Men without machines or rude implements of some kind, must, metaphorically speaking, "eat their heads off" from day to day, with as little hope or chance of accumulating any surplus for themselves as the swarming millions of Hindoo peasants. He saw, in fact, that it was to the machines, and to them alone, that the surplus was due; or, in other words, to those Powers of Nature which were embodied in the machines, and which, when yoked to human labour, added, after all deductions for their upkeep, a hundredfold power at every moment of time to that labour. And he saw further that these machines, without which the powers of Nature could not be enchained, were the result of the toils of a small class of men whose united brains had produced them—namely, the Scientists of various orders engaged in discovering the laws of Nature which regulated the operations of the steam power, the electricity, the chemical or other processes involved in the machines; the Inventors, who devised the mechanical constructions necessary to bring them into concerted action and use; the men of organising capacity who brought the machines together into factories and workshops, in combinations involving the greatest output with a minimum of waste; and the men of financial or business ability whose schemes brought the product to market in the cheapest and most effective way. If, therefore, his cue was to insist on strict ideal economic justice, instead of the ordinary maimed and imperfect justice of the existing laws of the State, it was to these men that the surplus really belonged, as being directly the result of their labour, and not to the ordinary working men at all. As for the division of this surplus, again, among the various orders of this small body of men of brains, we have it on the published authority of Mr. Carnegie that in his judgment (and it was right honest of him to admit as much) the lion's share ought to go, on lines of strict economic justice, to the Scientists, Inventors, and Discoverers of the first rank engaged; and only a much lesser

amount to the great Organisers and Capitalists like himself, or to the great Financiers; inasmuch as without the Scientist, the Inventor, and the Discoverer of new processes, the labours of the Organisers, Capitalists, and Financiers, would be as barren of surplus as those of the whole united body of ordinary Working Men. But Marx saw as well that by the existing laws of the State, on which the game of wealth was being played, the money capitalists (Mr. Carnegie's lower grade men) who had managed to get hold of the machines, held the whip-hand not only over the Working Men, but over the Scientists, Inventors, and the non-capitalist section of the Organisers as well, and that, from their coign of vantage, they could, under the ægis of certain injustices in the existing laws, squeeze, and in the end (as we see in America on the large scale) skin them all alike; even Edison admitting that had he not started capitalist on his own account, his inventions would have left him as poor as before. Now, it was this yawning gap between the ordinary code of social justice as embodied in the existing laws, and the strict ideal economic code which Marx professed—whereby each man was to be fully compensated for his labour, neither more nor less—that gave this astute Economist his opening; and, like a skilled attorney, he seized on it at once as just what he wanted in order to play his cards in the interests of his clients, the great body of Working Men. And the series of intellectual manœuvres and illusions by which he sought to accomplish his end were, it must be confessed, as bold and ingenious as they were successful. Observing, on the one hand, that by the existing laws of property the small company of really great men who in their various ways were the originators, and, in the true sense, masters of the surplus, had been despoiled of their birthright; and, on the other, that this fraud and injustice, having come down to them from long past ages, had become so consecrated by tradition and custom as a thing of course, that it was scarcely even felt by its victims to be an injustice at all; and further, being alert

enough to see that it was neither to the interest of the Capitalist masters, nor of the miscellaneous millions of their workers, to raise the point, but rather to keep it dark; finding, I say, that this conspiracy of silence, like a guilty secret, was covered by a seal which neither the Capitalists nor the Workmen dare break, on pain of cutting off their own claim to the inheritance; and knowing, besides, that he could prove that the surplus, to whomsoever it was due, was not due to the mere Capitalists, as such, who had managed to get hold of it as their private property:—seeing all this, Marx boldly stepped forward and with every appearance of sincerity announced that it was to the Workers alone that the whole of this surplus was due! The *whole* of the surplus—and to the *workers* alone! Well, here was indeed curious doctrine for the world to hear for the first time; but nothing daunted, he proceeded to make it good, by playing off on his followers a series of intellectual illusions, all of which he advanced with an ingenuity and dexterity which proved that if he was not a really great thinker, he was at least an exceedingly wide-awake and shifty one.

The first of these illusions Marx took from the existing Political Economy of his time—that old Economy of Adam Smith, Ricardo, and Mill, which was then accepted by all as the true gospel, but which we have now the high authority of Professor Ashley (in his inaugural address as President of the Economic Section of the British Association) for saying is regarded by all competent specialists of the science as at last quite “dead.” In this old Economy, it was written down by Adam Smith that Labour was the source of all value, and of all surplus. This dictum Marx snatched at, and urged it on his followers as authority for his contention that to them, in strict economic justice, the whole surplus belonged—and to them alone. Ricardo, again, had shown that, owing to the pressure of population on the means of subsistence, the wages of the workmen could, by what he called an “iron law,” never rise above the level of a bare subsistence. Putting

these two doctrines of what is now an old and dead system of Political Economy together—ridiculous fallacies both, as the logic of events has since demonstrated—Marx had no difficulty in persuading his followers that, although they were the real authors of *all* the wealth of the world, they were condemned by an “iron law,” from which there was no escape, to for ever exist on the hungry margin of a bare subsistence; while their masters, the Capitalists, who reaped where they had not sown, appropriated the surplus, and on it lived their lives of luxury and self-indulgence. He carefully abstained from telling them that it was the surplus product of the *machines* which the Capitalists had expropriated—which would have been true—but told them instead that the surplus was *their* product, which was false. But lest there should remain any lingering doubts in their minds that they, the Working Men (incredible as it might appear) were really the authors of all the wealth of the world, and that they therefore should possess it all, Marx undertook to demonstrate it to them independently on his own account, in his celebrated work on “Capital.” He proposed, in a word, to show them in this book the trick by which those who had “made” all the wealth of the world, the Working Men, had been and were being kept out of it by the Capitalists; and, further, to prove that this could only be done by certain deep economic laws of Political Economy, of which he alone held the key. Now, I wish to protest here that there is no *economic law* involved in the matter at all. It is purely a question of the possession of *economic power*, and the playing of it, like a hand of cards, according to the rules of the game of wealth, as embodied in the ordinary laws of the State. There is no mystery in it; no obscure and recondite economic laws known only to the initiates and experts; it is the merest platitude and truism; so much so, indeed, that I will venture to say that if the Trades Unionists could only gather in all the workmen within a single fold to-morrow, and get them to hold solidly together, they could, in their turn, unless the rules

of the game were altered, squeeze the Capitalists until they were bled white, so far as any economic law, other than that of simple legal power, was concerned. The Capitalists own the machines—which, as we have seen, really do the work and are the causes of the surplus—precisely as the landowners own the land, whose natural fertility again is the cause of the surplus from which they derive their rents. They have either purchased these machines or invented them themselves, just as the landlords have either purchased their lands or inherited them from those who won them by conquest. The landlords, as is still common in many parts of Europe, clear the land, drain it, and build the necessary barns and outhouses; precisely as the Capitalists pay for the making of the machines, the keeping of them in repair, and the building of the necessary workshops. If the peasants work all day long, and the land is so fertile that by delving and weeding it for, say, six hours, the peasant produces his own subsistence, the landlord can make his rent out of the other six, and so goes on with cultivation; if it is so poor that by working all day long the peasants can only earn the barest living for themselves, with nothing over for the landlord's rent, he abandons it, or keeps it on, out of motives of philanthropy, for their sake. So, too, if the Capitalist has got hold of machines so efficient that he can see his way at existing market prices to put their product on the market with a profit (owing to the fact that in the twelve hours' attendance on the machines, for which he pays wages, the product of six hours, say, covers all expenses, and the surplus he gets for himself), he goes on with the business; but if the whole twelve hours' attendance will only pay his expenses and leave nothing for himself, he closes his works—that is all. There is, I repeat, no mystery in it; for where did Marx really imagine the Capitalist could get his profits from, if not out of the men? The machines do the work, it is true, but they are not made of gold, bits of which he can scrape off for his living, as men in the old days did by "sweating" sovereigns. They must be set

going and otherwise attended to, and their products taken from them as they emerge ; but as men only can do this, and not horses, or dogs, or apes, how, I ask, can the Capitalist make his living, if he is to continue in business, unless he gets it out of the men ? And that means, not that the *men* do the work, while the Capitalists dock them of part of their pay, but that the *machines* do the work, and that both Capitalists and men are partners who must settle between them their respective divisions of the spoil. If they quarrel over the division—having as a preliminary paid the inventor first for that amount of the produce which they have made out of his machine over and above what they could together have produced without it—they can settle the question of which of them exploits the other, by considering how they would respectively fare if obliged to work without the help of the machines. The inventor, unless, like Edison, he does the work himself, requires the aid of the organiser, who in consequence can, by reason of his brains, command, like a barrister or physician, his own terms ; but where would the poor artisans be in their millions if, deprived of the invention, they had to do their work on their old hand-loom, or with their old gin-horses or windmills ? Why, instead of arguing with their employers on the hardships of their lot in having to work a *few* hours extra in order that he too should, like themselves, make his living, half of the present existing population would have to work the whole twenty-four hours round for the privilege of existing at all ; and the rest would die of starvation. That, to put it bluntly, is what the whole thing would amount to, if you will insist, as Marx does, on a strict *economic* justice. It is a simple statement of fact. The whole matter is one of brute *economic power* of one man over others or another, such as is seen every day and in every walk of life ; and there is no *economic law*, properly so-called, in it at all. But Marx does not put it so ; and what I charge him with is that he misrepresented the plain facts (sincerely, no doubt), as I have given them, in the interests of

his clients. What he did in his work on Capital was this, and it may be put in a nutshell; indeed, the reader will already have anticipated it for himself without any prompting. He cunningly substituted everywhere the work of *the artisans and labourers attending on the machines* for the work of the *machines* themselves, as if the two were identical; on the ground, I presume, that as the machines are but dead wood and iron, and cannot themselves be paid in any way for what they do, and the inventor is not found standing beside them all day long, drafting off his share into his own private warehouse, the workmen who attend them can step into his place and claim the united product as their own—as if, like Coriolanus, they “alone did it.” And to cover up this subtle perversion, and divert the eyes of his followers from it, he everywhere throughout the book speaks of the mere *building* of the machines by the artisan as if it were the same thing as the *inventing* of the machine itself by the inventor; and so leads them to believe that the mechanical product of the *artisan*, namely, the machine, was the same thing as the product of the *machine* itself! It was as absurd as if the peasants should argue that the cause of the crop lay in the mere mechanical work of ditching and delving, rather than in the fertility of the soil; or as if the materialists should insist that the actual food which had kept Shakespeare alive, was the cause of the plays; or the printer who set them up, of their value. And with this hocus-pocus by which he had deceived himself, played off on his followers all through the book—which he everywhere lays out in chapters having every appearance of logical continuity and scientific form, and expressed, too, in the most solemn economic phraseology—it is no wonder, I say, that he deceived his millions of economists from the workshop and the mine in Germany, England, and France who still wear the old cast-off clothes of Adam Smith, Mill, and Ricardo (which even an academic like Professor Ashley admits must now be thrown into the dustbin), into sincerely believing that they, the Workers,



are the real makers and authors both of the machines themselves, and of their surplus products of which the Capitalists have robbed them. But it is strange that this pure perversion of the actual facts, based simply on the existing distribution of industrial *power* and not on *economic law* at all, should have gone so far as to throw one of the leaders of the Socialist movement in England into such a state of ecstasy and admiration, as to make him exultingly declare in the columns of his paper, that Marx was the "Aristotle of Political Economy."

Now, all this was from the purely *economic* side; but I have a more serious indictment to make against Marx from the *moral* side, in that, by the intellectual sleight-of-hand which I have endeavoured to expose, he has perverted the highly moral, and indeed ideal, economic code which he and his followers profess, and substituted for it one of the worst injustices of the moral code of his opponents. This was done by the trick of what I shall call for the nonce "the dead invention,"—and a single illustration will be ample to make clear my meaning. A scientific man, or inventor, alone or in co-operation, has produced, let us say, a successful invention or new process, like the steam engine, the power loom, or a chemical dye, and after enjoying a royalty on it for some fourteen years or so, it reverts by decree of existing law to the public, and he, the inventor or discoverer, becomes thereafter economically dead; so much so indeed, that any machinist or workman who can pay for the *materials* of which the engine or loom is composed, may make one and set it up in his back garden or shed, and as he contemplates with pride the excess of its products in a week over what he himself could ever have produced without it in a lifetime, can complacently look the world in the face and say: "See what I by my own industry and unaided exertions have done"; and really imagines, poor soul, that because he has no longer to pay the inventor a royalty for its use, he is in strict justice as much entitled to the *whole* produce of his machine or process as if he had invented or

discovered it himself! And yet had this apostle of pure economic justice, Marx, who was going to have no economic injustice in *his* Commonwealth, paused for a moment before he attempted to pass this spurious coin off on his followers as genuine, and told them that as the question was one of strict economic justice (and not of the ordinary so-called justice of the existing laws, which according to him were a rank injustice), the Scientist, Inventor, and Discoverer had as much right to the surplus of product which came from their brains, and for as long a time, *i.e.*, in perpetuity, as the landlords had to their lands, or the workmen to their tools,—had he told them this, and then turned round on the engine or loom maker, and asked him what part of that produce (over and above what he could have himself made without it) he should now expect to get from it, he would have opened the eyes of his deluded followers to the fact that but for the absence of the royalty which had been stolen in its perpetuity from the inventor by the *power*, rather than by the *economic justice*, of the State, he (the workman) who had just been boasting of the wealth which *he* had made, would find himself in his old kennel again, “eating his head off,” and feasting, not on the sirloin, but on the scrag-end of the bone, as before! It was a rare piece of hocus-pocus, this of Marx, and has completely “taken in” his followers—the orators of the street-corner—who, themselves deceived by it, score most of their debating points over the audiences whom they address, by confounding together and playing off against each other, as suits their argument or purpose, these two kinds of justice on whose distinction and difference they themselves lay so much stress—namely, the ordinary justice as embodied in the accepted rules of the industrial game and the existing laws of the State (which are founded on Political Power, and against which they protest), and the strict laws of ideal economic justice on which, should the heavens fall, they profess that Socialism must and shall be made to stand.

The Socialists have, therefore, if they would release them-

selves from this disingenuous position, to choose on which of these horns they prefer to be impaled. If they choose the former, namely, the ordinary justice of the constitution and laws of the State, they will, of course, do as all other political parties when they had the power have done before them: they will use the political power which their numbers and their votes have given them, to turn upside down the existing Constitution, and install in its place, for the first time in history, a Government not only framed in the interests, but "run" and administered by the great masses of working men: their banners inscribed with the war-cry of the orators of the street-corner: "We, the working men, who do all the work, and alone produce the surplus of wealth of which our Capitalist masters and employers have robbed us, having now come into our own, hereby declare," &c. Now, were I a party politician, I confess I should not blame them, for this is precisely the type of Social Justice—the Justice of Power, we may call it—with which their existing political masters have always indoctrinated them. When the landowners were in power, they so arranged it that they should skim off the cream of surplus, and give their herd of retainers, petty tradesmen, and artisans, the leavings; when the turn of the manufacturers came, they did the same with their workers; and when the age of machine industry at last set in with the great inventions, these same manufacturers, now grown to mighty capitalists, with the aid of their collaterals—the financial potentates on the one hand, and the Tory, Whig, Liberal, and even Radical politicians (with their doctrine of *laissez-faire*) on the other—were enabled to squeeze the poor Working Man more than ever; and not the Working Man only, but the Scientists, Inventors, and Discoverers, who, as we have seen, were the real authors of the accumulating surplus wealth of the world as well. But with this difference: that while the old political parties—Tory, Whig, Liberal, &c.—would, and indeed did, grant those who figure in the industrial annals of a country as its "great men"

some small honorarium for their services, either in the form of a few years' royalty, or a belated knighthood, or perhaps a book or newspaper eulogium after their death, the Socialists would skin them all alike, and give them, on their basis of "average labour time," only the wages of the navvies, the coalheavers, the wool-pickers, the railway porters, or the miners. Indeed, on this basis, there is no reason why they should not at a pinch vote them even less than their horses, who do so much more work—and especially those of them who, like Mr. Blatchford, are Darwinians—now that the old wall has been broken down which was formerly believed to separate man from the brutes!

Now, to this complexion must the Socialists logically come, if, when caught shuffling the *moral* bases of their doctrine, they elect to follow the one given them by the existing political parties, and stand by the ordinary economic justice of the *laws*, based on Class Power, and worked in its interests. If, on the other hand, the Socialists elect to stake their cause on the pure ideal *economic justice* which they profess, and are prepared to stand or fall by it—whereby each man gets economically precisely that share of the surplus of wealth which he has produced, neither more nor less—then they will have to follow Mr. Carnegie in the apportioning of what this ideal justice demands; and the division will have to go in a descending ratio:—the lion's share falling to the Scientists and Inventors, who have discovered the laws of Nature and devised the machines; a less amount to the Organising Capitalists; still less to the collaterals, the organising Financiers; and so on with the rest, in descending degree. But where, then, would their clients be—the great masses of the Working Population? With a little more comfort, perhaps, but, on the whole, much where they are to-day! Now, in putting the matter thus brutally, it is to be, of course, understood that I am doing so to clear the minds of the Socialists of cant, and to let them see what their theory and plan of campaign will come to, if they

take the purely economic view of justice as the basis of Social Evolution. Personally, I take my stand on quite another kind of justice—Evolutionary Justice, if I may call it so—which differs *toto cælo* from this pure Economic Justice, as we shall see in the next chapter. But if the Socialists will insist on their Economic Justice as the be-all and end-all, I shall continue to hold a brief for the really “great men” of the Economic world—the Scientists, Discoverers, and Inventors—as being the real dispossessed, disinherited, and exploited; and not for the vast miscellaneous multitudes of ordinary working men. And I will go farther, and venture to say that, unless the old political parties put their shoulders to the wheel to remedy this *existing* economic injustice, the Socialist orators of the street-corner will continue to play off on the public their tricks of the “dead invention,” and the rest, with ever-increasing success.

I am, of course, quite aware of the considerations which are advanced by the Socialists, as well as by the older political parties for that matter, to minimise the economic position which I have given to the Scientists, Inventors, and Discoverers:—of how, for example, hundreds or thousands of minor workers have been engaged in building up the successive steps to every great scientific discovery and invention, before the single discoverer with whose name the great invention is identified has planted his flagstaff on the summit; of how, again, many, if not most of them, have been foremen or ordinary working men, so lending colour to the claim that “we, the working men, have done it all,” &c. Well, I am quite prepared to welcome all these in their degree to my fold, and to claim them as my clients; and yet I still insist that if you take, say, the great inventions and discoveries of a single generation, and compute the wealth that has been added to the nation or the world by them within that period, you could pack the really great men concerned in an ordinary sailing-boat; the miscellaneous multitude of unknown foremen and workmen

who have made the smaller improvements, and so led up to the greater inventions, in an ordinary merchantman; and all the rest in one or two big men of war. And if in each generation these should sail away in disgust from their own inhospitable shores, taking, if it were possible, their discoveries and inventions with them, and leaving behind the miscellaneous millions, these latter left to themselves would have to scratch the ground with their wooden ploughs, or live on potatoes and herbs as of yore—unless, indeed, as a makeshift, they fell back on the antiquated machinery of the “dead inventions” of former generations, of which the disinherited families and heirs have been defrauded. The simple truth is, that all the really great things that make the civilisation of the world in every department of life are the outcome and results of the brains of a small number of “great men,” who in each generation can (when an inventory is taken in the retrospect) be counted almost on one’s fingers; and for the great masses of men of whatever station to deny it, minimise it, or pretend not to see it, is an organised hypocrisy. In the sports and games which these masses most affect, this is freely admitted—whether it be in reference to chess, or billiards, or cricket, or tennis, or what-not—for here their pretensions can be promptly brought to the test; and, indeed, they have the good sense not to try it, but to confine themselves rather to looking on, seeing fair play done, and applauding and rewarding the victors. But in intellectual matters of all kinds, this is not the case; and in spite of the fact that the names of the great men in all these departments, on whom not only the civilisation but the wealth of the world depends—whether in Religion, Philosophy, Science, or Mechanical Invention—can from the beginning of recorded history be compressed within the index of an ordinary encyclopædia, so tardy has been their recognition and so infamous their treatment and pay, that many, if not most of them, have had to go to their graves leaving their wives and families in poverty. And as the question at this

point in my challenge to the Socialists is one of Economic Justice, I must repeat that until this scarlet injustice, this ignominious public theft (for it is no less) is remedied by the existing political parties of the State, of whatever shade, the Socialists with it in their rear need have no fear of putting on full steam ahead, and as soon as they have gained the *power* by their numbers and their votes, proceeding to squeeze the "classes" as they themselves have already been squeezed by them; and no one will logically, from a party point of view, have the effrontery to say them nay. But were this existing legal injustice once remedied, there would, on the Socialists' own professed lines of a strictly Economic Evolution, no longer exist any *raison d'être* for their proposed revolutionary upheaval or reconstruction of society at all; for, with their numbers and their votes, all existing injustices between themselves and their capitalist employers could easily be adjusted by ordinary changes in the constitution of the country and its laws; while with capitalists like Edison or Westinghouse as their masters, their envy would be turned into an admiration as great, and their hatred into a loyalty as devoted and pure, as that which they now so willingly and spontaneously give to their heroes of the cricket and the football field.

Here ends, then, my indictment of Socialism on its purely Economic and Moral side—on those aspects of it, in a word, on which the orators of the street-corner (whom, as followers of Marx, I have proposed to myself as my special opponents in this paper) profess to rest their whole case as basis and preliminary to their reconstruction both of Industry and of Society—much in the same way as the French Revolutionaries based their schemes for the reconstruction of France, on the Liberty, Fraternity, and Equality of the teachings of Rousseau.

In my next chapter, I hope to show what those First Principles of Sociology are which have compelled me to take my stand, neither on the *existing* Laws of the State, on the one hand, nor yet on the *ideal* Economic Justice demanded

(but perverted, as we have seen, by the Socialists, on the other: but rather on what I have called Evolutionary Justice, which demands the consideration, as we shall see, of a much larger number of factors than the purely Economic or Industrial one.



## CHAPTER II.

---

### ON SOCIAL JUSTICE AND ITS EVOLUTION.\*

**I**N this, my second chapter, I shall endeavour to carry out the promise I made in my first article, and to show that the Socialists have flanked and buttressed both the *economic* and the *moral* basis of their scheme by a *theory of Human Evolution*, which I will venture to assert is at the present time of day one of the most curious exhibitions of simplicity the intellectual world has yet seen. In general terms, it consists in no less an absurdity than this—that the infinitely complex evolution of Human Society and Civilisation, involving as it does the subtle co-operation of the most various factors—War, Religion, Government, Law, Education, Political Institutions, and the whole domain of Science—can be narrowed down to a single thread of this complex web, namely, its purely Economic or Industrial Evolution; and that this again can be so cut down as to coincide with the industrial evolution of the great mass of the manual labourers and artisans—the working population of the world. Now, the merest outline sketch of the way in which Human Evolution really goes, and has always gone, when compared with this poor, naked, skin-dried residue which the Socialist would substitute for it, will expose its nullity better than volumes of merely abstract argument. But before entering on my detailed proof of this, I shall assume to start

\* *Fortnightly Review*, March, 1908

with that both sides to the controversy will agree with me that if any *essential* factor of the problem, or any ineradicable element of Human Nature involved, is either ignored or suppressed by the Socialists, their whole doctrine, together with the scheme of reconstruction which is founded on it, must fall into bankruptcy. If this be granted, let us now see what these ultimate essentials and ineradicable elements of Human Society and Human Nature are which are involved in the problem of Human Evolution. I shall emphasise by italics a few of the more important points as I go along.

They are, in brief, those of a creature called Man, who goes in *families* and *herds* known as tribes or nations, and, like other animals of a like kind, always *under the direction of leaders*; but a creature withal with this peculiar differentiating characteristic, that he has within him a spark of the Divine, or if anyone prefers it (to keep the facts free from religious implications) the merely human impulse towards *the Ideal*, which keeps ever impelling him onwards and upwards along the winding path of Progress and Civilisation.

Now, this creature as it moves in its myriads across the centuries, in search, like the Israelites, of the Promised Land of the Ideal, *makes for itself* as it goes along, all the moral, social, and intellectual baggage which it carries with it—its customs, habits, traditions, its stock of knowledge and culture, and its moral and social ideals—and all these in their interlacing complexity form for each nation as it moves down the ages, *a single, continuous web, without rent or seam; the Present everywhere being indissolubly united with the Past and with the Future.* So that what is called Human Evolution consists precisely in this, that these tribes and nations are obliged, under the direction of their leaders, continually to *mould and modify* the outward form and vesture of one and all of their modes of life and ideals *under pressure of the environment*; whether these changes be caused by physical and material difficulties outside themselves, in the matter, say, of food and shelter; by the

aggressions on, or the defences against, neighbouring tribes or nations ; or, lastly, by changes in their own *internal* structure, necessitating a different arrangement of the social classes and functions of which they are composed. But to come to the point which will most engage our attention in this article, we must go a step farther, and lay down the doctrine that the *Social Justice* on which the Socialists lay so much stress, and which each tribe and nation makes for itself, as I have said, as it goes along, consists simply *in the gradual adjusting of the relations between these classes and the functions they perform*. If this, then, be Social Justice ; and if to a being like Man, constituted as we have seen him to be, Social or Human Evolution can, especially in these civilised days and among civilised nations, consist only *in the progressive improvement and amelioration of the laws, in the upward look and trend towards the Ideal*, it will behove us to examine as closely and scientifically as possible the texture and composition of this Social Justice, and the way in which it gets itself embodied in the fibre of Human Evolution, before we can effectively contrast it with the mummified substitute and simulacrum of it which the Socialists seek to palm off on the world—a substitute which, violating as it does every one of the root principles of Human Nature which I have just emphasised, must end in mere utopian dreams. Now that I am not leading the reader into a mere side-track in asking him for a moment to concentrate his attention on this matter of Social Justice and the place it occupies in Human Evolution, may be seen in this, that there is nothing on which the Socialists lay more stress as a foundation for their scheme for the reconstruction of Human Society ; and further, that it is to their own peculiar reading of Human Evolution, with the particular type of Social Justice which they found on it, that appeal is made by them in every argument. To the steady, continuous operation of this Evolution in the future as in the past, they profess to look forward ; and on it, as on a Bible, they take their stand to extinguish all

doubt and controversy as to the necessity for its inauguration, when they are warned by their opponents that, even if their system may ultimately be adapted to some millennial age, its present advent would end in a general overturn.

How, then, we ask, does Social Justice arise, and of what does it consist if we make a section of it, as it were, at any given point in the progressive Evolution of Mankind?

The first consideration I would emphasise is, that as it is *made* by Man himself as he goes along, *it must grow out of the entire complex of the relations in which men stand to each other and to the functions they perform*—in War, Religion, Government, Law, Science, &c.—and cannot be merely stamped on them *from the outside*, as it were, in its ideal and perfect completeness, like an imperial figure-head on a coin, at any and all times; it is, in a word, a *gradual* precipitate thrown down by all these complex activities and relationships of men, and, like a nutritious food, is never at any given time more in amount than they can digest and assimilate—a fact to which the most determined attempts of the most powerful religions of all ages bear witness in their efforts to raise the *general level* of human life. Like the gradual deposition of the geological strata, to which the sun, the winds and rain, the sea and the mountain peaks are all alike contributory, it slowly arises from *below* in a series of terraces, on each of which, as it arises, the lowest of mankind can henceforth walk with an ampler air, with less impediment, and with a more independent mien. In other words, Social Justice is not the full-blown flower of the Ideal, ready to be let down from Heaven as it were, at any time, and which, like a coating of white paint, can be plastered over all alike; or a snowdrift which would smother mankind under an undistinguishing canopy of *equality*; but is a complex *graduated* thing, made up of many different measures and degrees, both in its penalties and rewards. If the reader has his doubts, and is not inclined to follow me here, let him reflect for a moment that in the early Middle Ages, when the Christian

Church was supreme over the minds of men, and existed for the very purpose of clapping this absolute equality on the bodies, souls, and possessions of all alike (because they were equally the sons of Adam and created by God), it never could compass more with all its efforts than this *graduated* justice. In the punishments of the early Middle Ages, so much was paid for the taking of the life of a bishop; so much less for that of a nobleman; and less again, down even to an irreducible minimum, for that of a serf; while as for the rewards of men, even at the present hour, not only kings and other great personages, but the whole tribe of Leaders of every kind—Salvation Army leaders, Parliamentary leaders, and even Socialist leaders—have honours, services, and emoluments of all kinds thrust upon them as *freewill offerings* by their herds of followers, and in such extremes of profusion and degree, as no mere white-painted postage-stamp doctrine of human equality could ever pretend to justify. And as for the relations of conquered peoples to their conquerors, when once soundly thrashed and admittedly beaten, you can depend on their feeling honoured to kiss the feet of their masters for (in some instances) a good thousand of years. And if they do not do so, it is because they have had to *earn* and win their liberties and exemptions, either by their *power* in its many various and different kinds (as the Greeks and Barbarians in their respective ways did from their Roman masters), or as is more usual in recent civilised times, by their masters themselves following the gleam of the Ideal existing in all men, and *conferring* these liberties and exemptions piecemeal on them; but rarely or never by the acquisitions, intellectual, moral, or physical, of the herd itself—except, perhaps, by a sudden eruption of brute force in times of revolutionary violence. Now this, thus brutally put for the purposes of my argument, is precisely the Social Justice of Human Evolution, neither more nor less; and must be so for a creature like Man, still three-fourths animal, that goes in families and herds under

the direction of leaders; and led on by an Ideal which is but the feeblest of sparks, and can only be kept alive by the select spirits of each age, and the good and great of all ages, sitting around it like the Vestal Virgins, and blowing assiduously, desperately, and continually on it, to keep it aglow at all. But to define it more closely, and sum it up before we leave it, we may say that the Social Justice of Evolution is found always to be (when a section is made through it) a complex, not a simple, homogeneous thing; and is made up of *Power, Authority, Custom, and Prestige* on the one hand, and of the *Ideal of Right* scattered thinly through its continuous web in golden seams, on the other. It consists not in Might alone, nor yet in the abstract ideal of Right alone, but in the happy, artistic commingling of both; and has, besides, this peculiarity, that *at any one time* it always contains *more* of the Ideal than the strict balance of powers and functions in Society would justify; and further, that this surplus of the Ideal to the good, as it were, continually *increases*, in proportion as Mankind itself advances. It is a slowly and steadily accumulating deposit, as I have said, won by Civilisation on the credit side of the Ideal; and not an unlimited bank account on which Humanity can draw, in current moral coin, at any or at all times. This, at any rate, was Shakspeare's conception of Social Justice, as I have elsewhere had occasion to insist, and is distinctly enunciated by him in *Troilus and Cressida* in the passage beginning with "Take but degree away, and hark, what discord follows," &c., and summed up in his memorable aphorism that "it is *between* the endless jar of Right and Wrong (or, in other words, of Might and the abstract ideal of Right), that Justice resides."

Now, this is my own conception of Social Justice; and one, too, which all my studies of History\* and Civilisation confirm. I lay stress on it here on account of its immense importance to my argument; for if true, it must modify the entire complexion

\*For the details see my volume on *Civilisation and Progress*.

of Modern Politics, which since the time of Rousseau and the French Revolution have been over-tempted by the forbidden apple of abstract Liberty and Equality which he flung into the arena, and have drawn on this fetish more than the laws of Evolution, whether of Nature or of Human Nature, can justify or redeem. Until, then, the Socialists can overturn this, as I believe, true conception of Social Justice, their schemes must be but so much wind and foam; and the world may, except by some subterranean Revolution, repose peacefully on its old foundations.

And now let us see in detail the series of dodges, subterfuges, and false trails by which the Socialists have sought to undermine and dismantle this stronghold of Human Evolution, and the Social Justice that is founded on it; as well as the essential elements both of Nature and of Human Nature which they have been obliged to cut bodily out of the problem in the process.

Their first movement is one of general strategy, as I intimated at the outset, and consists in their attempt to cut out at a stroke all the great *efficient* factors of Civilisation—War, Religion, Law, Government, Political Institutions, and Scientific Knowledge in general—as if they were but appendages or surplusage; and to substitute for the complex result of all these, a single, simple figure, namely, that of a pure Economic or Industrial Evolution which they have cunningly slipped into its place; the object of the move being, to identify this purely economic evolution with general Human Evolution, and particularly with the evolution of the industrial conditions of the great masses of Working Men; as if these latter had been all along the efficient, active factors in Human Evolution, instead of its auxiliary and dependent ally and supplement. Now, although no one believes more firmly than myself that the expansion and elevation of the great masses of men is the *end and aim* of all human evolution (without which, indeed, it would be a ghastly farce and failure), or has worked more

strenuously (in my books) to get this recognised, the idea that either manual labour in itself, or the efforts of the labourers, has been the dominant active factor in human progress, is as absurd as if one should draw out the stomach and entrails of a man, and because these are essential factors in working up the fuel for his mere *animal* existence, declare them to be the most important and immediate factors in his *mental* progress and development as well; as if, in short, Man, like the worm, were but an elongated gut, and his evolution and development ran on the same or parallel lines as the worm's.

But the Socialists have a second and more important object in selecting this mere economic or industrial evolution of the Working Classes as the active germ in human evolution. It is to make it appear plausible that the manual workers of the world, being the great masses of the world as well as its immediate feeders, ought by some kind of inherent or abstract justice to be its governors, directors, and administrators also; and should seize the reins from the hands of the great Statesmen, Inventors, Scientists, and Captains of Industry who have hitherto, as their leaders, selected and assigned them their tasks,—and as soon as opportunity offers, drive the coach themselves.

Now, if the Socialists could only feel sure that they could succeed in establishing the two above propositions—firstly, that Human Evolution was practically the same thing as the Industrial or Economic Evolution of the Working Men; and secondly, that in this Industrial Evolution, “we, the workers, who are the authors of all the surplus wealth of the world,” &c., have in consequence the right to organise, direct, and guide its general Human Evolution and development also; all else, they feel convinced, would be plain sailing, and the future of Socialism would be assured. They have, accordingly, spared no pains to fortify and entrench these two positions as strongly as possible; and if I have to press them somewhat severely and even harshly here, it is from no want of sympathy either



with the working men themselves or with their cause (indeed I go a long way with them myself), but only with the *means* they propose to employ to compass it.

Now that I am not wrong in saying that the Socialists of the street corner, *i.e.*, of the school of Marx, wish to identify their single wire-drawn thread of Economic or Industrial Evolution, with the rich and varied complexity of the web of Human Evolution in general, is seen in the fact that the earliest and strongest of their leaders in this country, Mr. Hyndman, has been careful to pave the way for it by a book on Industrial Evolution written on these lines; and that others among the later leaders have followed him up in this, by writing books to justify the various special revolutions and uprisings of the Working Classes all along down the course of History. As for Mr. Hyndman:—after wiping out all the other elements of the problem, and concentrating on its purely industrial aspects; and after dwelling lightly on the passage of the masses of mankind from Slavery in the Ancient World to Serfdom in the Feudal Mediæval World, and from this again to Labour under Capitalism in the Modern World; and after showing further that Capitalism, by its exploitation of “the workers who do all the work and make all the surplus,” has now, from its gross injustice, become a bye-word and a hissing; he winds up this detruncated exposition of what for him stands for the very essence of Human Evolution, by turning round on his simple-minded followers and asking them, how much longer they propose to stand this sort of thing, and whether the time is not ripe for the next and most immediately pressing stage in the evolution of mankind to begin here and now; the stage, namely, in which they, the workers, shall take over all the instruments of Production, Distribution, and Exchange, and share and share alike the products among them, with little or no compensation to the existing owners. Now, it was a fine piece of intellectual foppery on the part of Mr. Hyndman to assume that because the evolution of the

masses from Slavery to Serfdom, and from that on to Free Labour under Capitalism *accompanied* the elevation of the Working Population in the scale of living, that therefore they had in each instance *won and earned* these expanding franchises for themselves, instead of having them largely *conferred* on them. The real truth is, that the peasants, labourers, and working classes generally, were lifted on to a higher plane at each remove, not so much by improvements in their own manual labour, or by their own initiative and exertions, as by the sympathetic aid of the great men, their leaders, who followed the gleam of the Ideal:—the leaders of the great Catholic Church in its early purity and noble devotion to Humanity; the great Emperors and Kings who (with more personal and selfish motives, it is true) succeeded them and took over from them their work when they had fallen into luxury and decadence; the great Philosophers, Poets, and Scientists who (going to their graves for the most part in poverty) aided and encouraged these again in their work; and the great Inventors and Organisers who were necessary to bring all this work to its successful fruition. These were they who by their brain power, moral power, and other aspects of their genius in their various walks (always a mere handful of men at most), seized the forelock of opportunity when the *Material and Social Conditions* of the world were ripe and favourable, to make their Ideal a reality for the Working Classes of mankind; and not (except in periods of quite righteous unrest and uprising) the miscellaneous multitudes at all.

And this leads me to say a word on the next of the great stumbling blocks with which the Socialists are confronted, namely, the *Institution of the Family*, which is the main instrument through and by which the Present is everywhere indissolubly interwoven with the whole Past, and with the whole Future, in a single, continuous and unbroken web or chain of Human Evolution.

Now, the reason this institution of the Family is the source

of so much difficulty, and even woe, to the Socialists is, that it is owing to it mainly or alone that Social Evolution cannot *overleap the element of Time*, and realise itself now and here, as if it were some old building which could be torn down to-morrow and another erected in its place at a moment's notice; but, on the contrary, has to creep on its petty pace from age to age, while not individuals alone, but whole generations of human souls, seeking to grasp at the Ideal, have to go to their graves with their dreams and hopes and schemes unfulfilled. The Socialists are right, therefore, in making much of the grip which this institution of the Family has on human life; and accordingly have set all their engines and magazines of destruction to work, with the view of cutting it out altogether from the complex problem of Human Evolution. To effect this, their strategy has so far consisted in two principal direct operations, with some subsidiary flank movements, each of which need detain us but for a moment. For when once well ventilated, they carry their own refutation with them, and can never again be played off with the old authority which the teachings of Marx and the early Socialists lent to them.

The first of the direct attacks in this series of manœuvres was to cut out the ordinary conception of the Family, which, as we have said, binds together by its multiplex ramifying tendrils all the generations of mankind in a single, continuous, evolving unity; and to replace it by a succession of isolated Fathers or Heads of families only; precisely as if they were the separate and independent segments of a tape-worm, each like every other in nature and function, and all alike capable of independently feeding themselves; and where the families are tucked away and hidden under the paternal overcloak, like those male frogs which carry their family eggs under their bellies or on their backs, in order that the head of the family should be all in all,—a separate, detachable, isolated, independent, individual unit,—a kind of social eunuch in short, torn at once from his fellows and his family, and from the unbroken web of

human evolution of which he is an integral part, and having only one single recognisable function—the purely industrial, economic one. Now, the object of this manœuvre of chopping mankind up into separate isolated bits, called heads of families, is to furnish the Socialists with an object on which they can clap their favourite principle of Social Justice, namely, “one man, one economic value” or rate of pay; in the hope that having reduced man or men to such a skeleton object, they can then stamp this shibboleth on every rank, class, condition, and occupation of mankind. This position was one which they saw could be easily occupied, and, moreover, without any danger of its being seriously challenged; for had not their opponents of all the old political parties alike—primarily those of the Whig, Liberal, and Radical camps, and later those of the Tory and Conservative camp as well (who, under Beaconsfield, “caught the Whigs bathing and stole their clothes”)—taught them that “one man, one vote” was the soundest and most orthodox of universally admitted political principles? And if “one man, one vote,” thrust on all men alike whether they will or no, and without their making even a pretence of *earning* it, can whip the money out of my purse by *legislation* as easily (and almost without my knowing it) as if the owners of the votes were the most deft of professional pickpockets, why should not the Socialists with equal assurance openly announce (what can only amount to the same thing) that their motto is “one man, one economic value,”—and so get credit for their greater honesty, straightforwardness, and sincerity as well? Why not? we can only repeat after them. The Socialists themselves, however, did not stop there, but feeling apparently that the ground in all this political region where men had votes thrust on them without earning them, sounded (from their standpoint of Social Justice) rather hollow, they pressed rapidly onwards and over it to entrench themselves in what they imagined to be a more secure, because a more sacredly-guarded position; and one, too, which would give them a much higher authority and

excuse for nailing a universal equality, *both* political and economic, on the backs of all mankind, and securely fixing it there.

Now, this new position was stolen from Christianity; not because the earliest Christians held all things in common, but because for the first time in the history of the world, among Western nations at least, a doctrine of *ideal* Human Equality—political, economic, and social—had been let down from above in its full completeness and purity, and had been clapped on the backs of all mankind alike; thus guaranteeing, in principle at least, an absolute equality of goods, privileges, rights, authorities, and powers to each individual, in virtue of their being all alike and equally, in the sight of God, the sons of Adam. This the Socialists snatched at, while ignoring the other express injunction of the Founder of Christianity, to “give unto Cæsar the things that are Cæsar’s, and unto God the things that are God’s,” as being unsuited to their purposes; and then coolly and quietly proceeded to entrench themselves on those other clauses of the sacred text bearing on general human equality; holding them out meanwhile, like a white flag of truce, to deceive their sympathisers in the opposite camp, who comprised not only the specially Christian contingent, but the whole race of party parliamentary politicians of every shade, who (now that each man had his vote) were obliged to play to the same miscellaneous multitude whom the Socialists were trying to attract. This white flag gave the Socialists time to mature their plans for those further operations on the enemy which we shall presently see; but in the meantime I may, perhaps, be permitted without wearying the reader to make a general observation or two on the points I have just raised.

The first is, that this postage-stamp conception of Social Justice, this universal *equality of rights* of every kind—political, economic, and social—to be stuck on the backs of each unit of a creature like Man, has all along had to be safeguarded and

modified not only by the Church itself, but by the common sense of mankind in general. This has been done, in Christian communities at least, by a division between the Temporal and Spiritual Powers; the purity of the abstract ideal of equality being in the keeping of the Church, while the *inequalities* of men and of the functions they perform in the rough but necessary work of the world, were relegated to the Temporal Power; the only dispute being as to which of these powers should be supreme over the other, the Church or the State; the Church, in the Middle Ages especially, when the dispute had reached white heat, claiming that she was the Sun, and the State only the Moon—a position, however, which the modern world has almost entirely reversed in favour of the State. But when the State at last took over from the Church this abstract ideal of Human Equality, which since the time of Rousseau and the French Revolution it has finally decided to do, it little realised what the consequences would be. For although an excellent principle for the *start*, by giving all men alike an equal chance and opportunity; and although entirely appropriate, no doubt, for the final goal of Humanity when men and women shall be as the angels in Heaven; it is at once impotent and impossible for the running—for the race of life itself. Now this, which ought to be the veriest political platitude, although I shall be condemned as a heretic for saying it, is ignored more or less by all the existing political parties, as well as entirely by the Socialists; so that I must emphasise the fact that at any period short of the millennium, Human Life is and must be essentially a race between the individuals of each tribe and nation of which it is composed, and one, too, in which, however equal the start, there must be at least *some* inequality at the finish—else what motive can there be, but bare animal existence, for playing the game of life at all?

Besides, if we consider it, all the passions and active powers of Man can live and breathe only in an atmosphere of potential *inequality*; the hope and prospect of it is their very life; and

until men are mentally emasculated, it must continue to be so. But this doctrine of Social Justice of the Socialists, whereby an absolute equality not only of political rights but of economic rights as well (as seen in equal rates of pay), should be practically guaranteed them from the start to the finish of their career, would be as absurd as an *absolute*, instead of the ordinary *graduated*, handicap in a race, and would bring them all in at the winning post at once; so that not even a shilling bet would be given or taken on the event! And for a being like Man, whose life everywhere and everywhen (until death reduces all alike to a common equality of dust) is a struggle as much for *inequality* in wealth, position, power, glory, or good name, for those who are already on an equality, as it is for *equality* in those who are down in the ranks, and have their spurs still to win; this doctrine would, I repeat, if forced on the world by Socialism, whether by revolution or by mere brute numbers of votes, not only drive him into imbecility or suicide, but would quench that very Ideal which it is the professed object of the Socialists to keep aglow. Appropriate for the lotus-eaters in the Isles of the Blest, or for the gods who sit sipping their nectar on Olympus, and for whom sleep, rest, and the indulgence of the passions are, when all material wants are provided for, the natural end and aim of existence, it would drug to death a being like Man, who has to make his way through life by the sweat of his brain or brow. Besides, what does Social Justice by its very nature involve but the existence of *unequal* individuals and conditions of life between whom it has to adjudicate, and between whom it can alone find its sphere of exercise; so that to cut out of the problem of human life practically *all* inequalities of fortune, merit, or desert, as expressed in the simple and universally recognised scale of rank, honour, or money, would be tantamount to cutting out Justice itself.

Now, this doctrine of abstract Economic and Social Equality, with all it involves, was, as we have seen, filched and appro-

printed by the Socialists from that very Christianity every one of whose central doctrines they repudiate; their leaders, and the street-corner men, from Marx down to the present time, openly avowing their disbelief in Christianity and in all its ways and works; most of them being Agnostics, if not avowed Atheists. The consequence is, that being themselves aware of this discrepancy between their beliefs and the arguments drawn from Christianity with which they support their doctrines, they are obliged for very decency to look elsewhere for their proofs; and to underprop this, to them, rotten piece of masonry by a more ingenious and, as they believe, a really strictly scientific *economic* doctrine, pure and simple, namely that of "average labour time," of which, from its great importance in their scheme, I am now obliged to say a word.

This curious doctrine, then, of average labour time, elaborated by Marx, proceeds on the assumption that the labours of the Scientists, the Inventors, and the Organisers of all the great industries of the world (whom he carefully keeps out of sight all through his work on "Capital"), are to be paid on a level of practical if not absolute equality with those of the navvies, the coal-heavers, the miners, the stokers, the engine-drivers, the pickers up of broken threads in cotton or woollen mills, the drivers of vans and milk carts, and the multitudinous swarms of skilled and unskilled labourers everywhere—provided always that the latter do each his work honestly and in a fair "average time," without loitering by the way, or making things that nobody wants; precisely as if all men were as equal in power and ability as the homogeneous sections of a worm. Now, this doctrine, like the "ca' canny" principle of some modern Trade-Unionists, is a premium put not on those who shall get at the production of the greatest amount of wealth by the shortest way, through invention and discovery, but on those who get at it by the longest way, through ordinary manual labour, and in the longest time. Now I protest that when a doctrine comes to this pass (and



with *economic justice*, too, of all things, as its professed guiding principle) that it would recompense the average dullard, not only on the same scale as the alert and skilful in the same line of work, but as the "great men" in every line of work; and when this rotten prop is used for the express purpose of buttressing up the central principle in their scheme for the reorganisation of society, namely, the taking over by the Working Men of all the instruments of Production, Distribution, and Exchange, the products of which are to be ladled out from common storehouses, on the principle of share and share alike, to all persons whatever who are doing an average amount of work of *any kind* at all; I protest, that so monstrous an inversion of all human reason, of all Evolution and History; so deliberate a dagger stab into the very heart of Progress and Civilisation itself, must, until men have lost their reason, put it out of court everywhere, covered with ridicule and contempt. For if just and true now, it ought to have been true from the beginnings of recorded history; for the hewers of wood and drawers of water have always been with us. And that this is precisely what the Socialists do think, is seen in this—that there is scarcely a rebellion of the Working Men, scarcely a rising of slaves in antiquity, of peasants and serfs in the Middle Ages in Europe or England, or of the negroes and inferior or more backward races everywhere, of which the Socialist leaders have not been the apologists; or of which one or other of them has not written a pamphlet or a book in its express justification. Not that they are not right in their justification of these uprisings and rebellions as specific acts *ad hoc*; personally I think they are; for human decency and the Ideal alike demanded them, when necessary evolutionary reforms were being too long delayed. That is not my point; but it is this, that the peculiar grievance of the Socialists with the world is, that it did not allow these rebels to be *permanently* successful in overturning society in the interests of the proletariat, even when, as in the case of the French Revolution,

the whole country and even the "rump" of the old Convention, as well as the members of the Directory themselves, were secretly relieved when Napoleon with his iron hand swept away the anarchy, corruption, and confusion which the Constitution of the Revolution had inflicted on France. For had these revolutions and uprisings proved successful, the Social Evolution of mankind would have proceeded, like the politics of the South American Republics, on the principle of Revolution erected permanently into a first principle of Government, and not by normal evolution at all. And with what further result? This, namely, and it were well for the Socialists to consider it, as it follows by a logical necessity out of their own doctrine:—that whenever the lowermost stratum of ditchers and delvers feel that the time is ripe for them (on the principle that "we, the workers, do it all," &c.) to put all those who have raised themselves to employments not requiring actual manual labour into their proper places again (*i.e.*, on a dead level of economic and social equality with themselves), they have as strong authority for their action as that conferred by any of the ordinary laws of the State. Even Robespierre and his associates restricted their "Liberty and Equality" to men's purely *political* rights, and left their *economic* inequalities, or opportunities for inequality, as before,—except in the case of the expropriated Landlords and the Church. But the Socialists who, like the "sea-green incorruptible" himself, affect to regard their own love for the abstract Ideal as conferring on them some more vague elevated distinction than that to which more practical idealists, who have had to pitch their keynote and attune their actions to a much lower strain, can lay claim, would clap their red cap of equality on men's *economic* goods as well, but without the excuse which Robespierre had in the glorious vision which for the first time in history the teachings of Rousseau seemed to have brought within the possibility of actual realisation. But that a century afterwards, another generation of Utopians should arise, and,

with this century of experience at their back, would seek to top this red cap of political equality by the added one of enforced economic equality also, and by such a tissue of intellectual absurdities, too, as we have seen; this is, indeed, one of the strangest and wildest of dreams. And yet I am bound to admit that the deplorable condition of so many able and willing working men, with no work to do, in nearly every country of the world, will justify almost any attempt, however chimerical and desperate, to alter it. But here, again, I would point out (and on this I lay much stress) that this condition of things has arisen and grown to its present height, not from Capitalism as such, as the Socialists imagine, much as it has to answer for, but from that most deadly, hopeless, and even damnable doctrine of "laissez-faire," which all political parties alike, hypnotised into it by the teachings of Rousseau and Adam Smith, have openly nursed and encouraged.

In my next chapter I shall deal with the Fabian reconstruction of society.

## CHAPTER III.

---

### THE FABIANS AND PARLIAMENTARIANS.\*

IN the present chapter I propose to concentrate more especially on the Fabians' reconstruction of Society and Government on the basis of Socialism, while protesting at the outset that, strictly speaking, as I shall now attempt to show, they are not justified in calling themselves Socialists at all. They are no more Socialists in the ordinary acceptation of the term than I am a Socialist, although I go with that party a good three-fourths of the way in their special proposals taken separately and *ad hoc*, as it were; or than I am a Tory, although I still stand firm on some of the ancient ways which the party have long since abandoned; or yet a Protectionist, although at the present critical point in social and economic evolution I would carry out most of the Protectionist principles, with a rigour unknown outside of Japan; or, yet again, a Liberal, because, although disagreeing as to means, I am entirely at one with them in their ideal ends and aims. And the reason for my protest is mainly this:—that no merely *ultimate* or *abstract ideal* like that of the taking over of *all* the instruments of Production by the State can legitimately, and without confusing all political categories, be made the basis of a political party programme, unless there is a reasonable chance, whether by revolution or conversion of the electorate, of its being placed on the Statute Book within a generation or two at most

\**Fortnightly Review*, May, 1908

from the time of its inception. And as for the Fabians, of all people, who by their methods, as we shall see, would protract the separate stages of their process, like the succession of Macbeth's ghosts, "to the crack of doom" before they expect them to be realised—why, not only the most hardened and fossilised of Tory landlords, but even those old "harlots" of the Socialist imagination, the Whigs and Liberals, as well as all the Churches of Christendom—not even excepting the Catholic (as things are now going)—and even the very "man in the street" himself, will have arrived at the Fabian's own Kingdom of Heaven before him!—and that too, by the ordinary normal course of orderly human evolution. It is not the function of practical statesmen, but of Utopian political philosophers, to project these millennial programmes on the horizon of men's dreams; and this, indeed, is the very reason why the world in general and statesmen in particular, have always utterly ignored the opinions of doctrinaire philosophers, as such, on current political problems; as feeling (and in my judgment justly) that these ultimate abstract ideals, however worthy of respect as inspiration, comfort and solace for the *private* heart, and however important for the future ages, are like the Christian principle of turning the other cheek also, frankly unrealisable now and here, or in any reasonably near future of the existing political world. Had Rousseau himself been resurrected from his grave in the early days of the French Revolution, and seen and heard the leaders at the street-corners, in the Jacobin clubs, and in the Assembly, quoting from his *Social Contract* as from a political Bible, with the view to its immediate application to the politics of despotic France of all places, he would have stood aghast at the apparition. His only possible hope, indeed, could have been, that a *revolution* (which was in fact precipitated by purely political conditions outside of his own making) should proceed until it had cleared the ground of all the standing institutions of centuries, and so leave a free, unimpeded field for the entrance of his own

political designs. And as in the event this was precisely what did happen, there was, of course, no reason why his own Utopia, or that of another, should not enter in and dictate and fashion, as indeed his did, almost every change in the constitution of Revolutionary France from start to finish; until Buonaparte, striding in like another Cromwell, turned the Revolutionary Government out of doors, and with it Rousseau and all his Utopian dreams and schemes as well. If, then, the Fabian philosophers, with their Utopian projects and ideals, will insist on turning themselves into practical politicians, they must do one of two things: either, like the Marxians, plump for Revolution and the capture of the Central Power, whether by physical force or by the Press and street-corner conversion of the working-class electorate; or else fling away one and all of their ultimate remote ideals in favour of immediately practical and concrete ones. They must be prepared to change their present intellectual garments as completely and rapidly as the "quick change" artists of the music-hall; and shift their centre of gravity as entirely as do the divers in the deep sea, loading their feet with lead rather than their heads with dreams, if they are to keep themselves erect at all in the existing political environment. They will, in a word, have to follow the example of the wise Goethe, who declared that as a man of science he was obliged to turn himself into an Agnostic; as a poet of Nature, into a polytheist; as a contemplative religious spirit, into a Theist; and as a World-philosopher, take his stand "in the middle," as he called it, as the right position for the equal and level survey and co-ordination of them all. Otherwise the Utopian political philosopher turned practical politician is apt to become as ridiculous a figure as a stage buffoon, as futile as one of those modern epigrammatists who, knowing that plain, straightforward thought is a boredom to the "average sensual man," strive, like Oscar Wilde, to hold their audience by intellectual antics, and the turning of cheap social and moral platitudes inside out to give them a

show of cleverness and originality ; or like Mr. Chesterton and Mr. Shaw, who, taking the whole world of men and things as their province, look at all alike from between their legs, as one might look at the houses along a street, for the fun of seeing what amusing or fantastic combinations can, by the application of a strict formal logic, be made of them ! And hence, I repeat, that unless the Fabians and the " Intellectuals " of the Socialist party are bent on confusing and confounding all possible categories and issues, they have no right to lend the weight of their prestige, their intellectual status, or their authority among the cultivated, to the name of Socialism as a separate political party in the State ; and on so slender and shadowy a practical basis as this, viz., that they are prepared, *at some indefinite time or other, when the nation is ripe for it*, for the taking over of all the instruments of Production, Distribution, and Exchange by the State. They might as well make it a reason for a new political party, that they are in favour of so ultimate and abstract an ideal as that, when the time is ripe for it, they will welcome a *concordat* of the nations on the basis of a Universal Peace. And for this simple reason, which it would be invidious to deny, namely, that abstract ideals like this are the prerogative of no one party or person, but are ultimately as much the desire of the most fire-eating military Tory, as of the most meek and submissive of Quakers. Besides, there is no point in it all ; for the existing political parties, pricked into quickening their pace by the Marxian main body on their flanks, are already taking over such of the instruments of Production and Distribution as are palpably ripe and expedient for the operation, in the normal jog-trot of ordinary political evolution. If the Fabians should reply that although the time for the inauguration of the full Socialist *régime* be remote, their immediate aims, at any rate, are very concrete and practical, it will be my point to demonstrate in this article that by their whole policy and method of approach this is as good as impossible. And for the following general reasons :—

1. That they propose to base their scheme for the reconstruction of Society on a false foundation; as if the material with which they have to deal were dead wood and stone instead of living human beings. They propose, that is to say, to found it *from below* on the individual opinions of the great masses of men, instead of *from above* on the leaders of political opinion in the State.

2. They propose to reach it by an approach from the *wrong end*, namely, from the extremities and circumference of political life, the tail, rather than from the Central Power, the head.

To plunge, then, into the centre of the matter without further preliminary, I propose to lay down for the reader's consideration a political maxim which, as it took me some thirty years of diligent search, doubtless owing to my own stupidity, to get my eye on it, I naturally regard as of capital political importance. Like the old Roman maxim of *divide et impera*, it is a principle which, although unconsciously acted on by practical statesmen since the world began, has not even dawned on the Utopian political philosophers either of ancient or modern times; and especially on that whole long tribe of them, including the Socialists, who since the beginning of the nineteenth century have taken their political keynote, as well as the master presuppositions of all their arguments, from the abstract doctrinaire ideals of the school of Rousseau and of the French Revolution. This principle may be put into a phrase, and inscribed as a motto on one's crest or finger-ring, and it is this:—that *they who nominate, govern*; to which I may add, that these nominators must always be *few* in number, and that, however often the individuals who compose them may be changed and replaced by others, still as a body, they, the few, must continue to govern. It is a simple and harmless enough looking principle, I confess, but its consequences, as we shall see, for the future of all practical politics are immense. For it rests on the immediate fact that the vast miscellaneous multitude of voices are but echoes, who have a *veto*, it is true, over all things



that come before their judgments for discussion, but neither the initiative nor the organising, shaping, and directing power *for particular purposes or ends*, which must always remain in the hands of the few, better or worse, for good or for evil. And this again rests on the still more ultimate facts:—that Man is a creature that goes in *families* and *herds* under the direction of *leaders*: that the only available cohesive force anywhere to be found to keep the separate human beings of the herd together is the will of some other human beings like themselves; and that the whole constitution of the human mind is as accurately framed and adjusted to this double necessity by which the many shall have the veto, but the few, the direction, or government, as the human foot is for walking on the ground, or the monkey's for its life among the trees. Napoleon, with his usual penetration, in his scheme for the reconstruction of France after the Revolution, grasped this principle—that they who nominate, govern—completely, and utilised it to the full. Hamilton also, in his reconstruction of the Constitution of the United States, after a similar revolution, saw it clearly, but not having the same free hand as Napoleon, he had to drop a good half of it in practice, owing to circumstances over which he had no control—but mainly to the circumstance that the doctrines of Rousseau on the “Rights of Man” had arrived in America, and had got hold of the opposition leaders before his time, and so were too strong for him; and with results on the political condition of America to-day which are an object-lesson to all the world. For the principle is a veritable death-trap to all those Utopian politicians and statesmen who ignore it; and if I now venture to apply it rigorously to the scheme of the Fabian Society, it is not that I think that all the leading members of that Society have stumbled over it and fallen into the pit; on the contrary, Mr. Shaw and Mr. Webb, as we shall presently see, have more than scented it—if their persistent application of it in a hole-and-corner way be a criterion of their position in regard to it. It

is not in this that, in my judgment, these gentlemen have erred, but rather in the point of the social organism at which they have tried to apply it—namely, the tail-end of Dumbledom! Mr. Wells, alone of the Fabian leaders, has entirely missed the principle, and in consequence has, as we shall see, wrecked his scheme by its neglect.

Let us begin, then, with Mr. Wells. In his *New Worlds for Old*, the reader will have observed that when he comes to a hitch in the arrangement of his Socialist Utopia, whether local or general, he glides over the difficulty as easily and naïvely as the famous Captain Bobadil in Ben Jonson's play did in his method of defeating an army. And just as the latter worthy, when the enemy began to advance, at once set on his own men to shoot them down; and when they were reinforced by other auxiliaries, set on fresh detachments to do the same; and the same, again and again, until the last man of the enemy lay stretched on the field; so Mr. Wells always has in reserve an army called "the People," who can be brought together at any moment by his magic wand—in town halls, market squares, or what not—to propose resolutions, take shows of hands on them, appoint officials to carry them out, &c.; when, hey presto! the thing will have been done, and the whole difficulty have vanished. But this easy Bobadil method of capturing the electorate involves one or two oversights which do not appear on the surface. The first is, that when any number of men animated by a common sentiment are called together in a public meeting for any object whatever, those who call the meeting, by that very act, separate themselves off from the people called, and become what we may call the "platform" men, as distinct from the "body-of-the-hall" men. The one set become the organisers, a more or less close and compact body who take the initiative, frame the resolutions, nominate the officials, and in general direct the business of the meeting as its leaders; the other set become, for the time being, a mere tail of separate individual units, who, if the business in hand is

organised for a *permanent* end (and not merely a temporary occasion), have only a veto—a choice, that is to say, of different alternatives imposed on them; and the longer the organisation continues, and the more firmly it gets set, as it were, the narrower does this choice become. In the old Roman Commonwealth before the Cæsars, it will be remembered that the Senate, by an informal consensus among its members, nominated the officers of State, and dictated all the legislative measures; flinging only the offal of government, the veto, to “the People” and to the tribunes who represented them in the Senate, as an illusory sop—a choice of *alternatives* merely, any one of which was acceptable to the governing body who *already* held all the trumps. It was in essence as real a despotism as that of the Czars, only more veiled, and with less directness and rigidity; and the Senate, as we know, governed the Roman world for four hundred years; the nominations, in such slight shades of party division as existed, being distributed and arranged on the accepted informal basis of “turn and turn about.” And it was not until these party divisions in matters of *legislation* became so accentuated that no appeal but to the sword was possible, that the power of *nomination* passed, with the power of legislation, into the single hands of the Cæsars; and so the popular veto, poor outside sham as it always was, ended at last in a mere “Hobson’s choice,” without any alternatives at all. It was the same, too, in the Venetian and other Italian Republics of the Middle Ages—with their “Councils of Ten,” or what not, who were always to be found hidden somewhere behind the arras, or under the coverlids of the beds, when the decorative upholsteries of these window-dressed Constitutions were removed. In the reconstruction of France by Napoleon, too, after the Revolution, as was well seen in his *Concordat* with the Pope, there was nothing which he held with a firmer grip, and parted with more unwillingly, than this same power of nomination. He haggled about it to the minutest detail, and with as much pertinacity, as if he were an old fish-

saleswoman of the rue St. Antoine haggling with a "tight-fisted" customer on a Saturday night. He knew instinctively that they who nominate govern, and, therefore, that if in this division of the power of nomination between himself and the Church he should capitulate on any cardinal point, all would be lost—even although his Imperial power rested on the free and independent votes of thirty millions of Frenchmen. And further, that unless he could keep his sovereign control over nominations intact, most of those millions, if left to their free and so-called independent votes, would in ten years have run back to their old Sansculottism again. It is the same, too, with the British Cabinet, where the very *representatives* of "the People" are but mere voting tail, with only the merest scrag-end of a veto thrown to them; while as for "the People" in their millions of isolated units, each with his free and independent vote, they are for ever condemned to the barest choice of alternatives,—“rabbits hot, or rabbits cold,” Conservative or Whig, Radical or Socialist—even with the powerful Press organised on party lines at their back. And so it must be everywhere and everywhen; and were each particular voter a Solon, and each member of Parliament a Demosthenes, wagged as a tail the mass of them must continue to be, so long as Man remains a creature that is compelled by his constitution to go in herds under the direction of leaders. Why, not even a society of extremest Anarchists, each one of whom is prepared, for the sake of his ideal of *freedom from leadership*, to go to his grave as to a bed, could exist together for a week in close contact without falling under the domination and authority of leaders better or worse, *however nominated*.

But let us take another even more pregnant illustration of our principle—that they who nominate, govern—from a more mundane, bread-and-butter sphere, and one, too, where each separate individual in the mass has a more direct and immediate personal interest (if money be a motive at all) than that to which any political party or cause can afford a parallel—I

mean the ordinary Joint Stock Company. And who, I ask, has ever imagined that the great body of dispersed, and to each other mostly unknown individuals who compose it, ever hope to be other than a mere ineffectual tail at the mercy of the directorate? Veto the directors they can, and change them every week if they choose, but in doing so they only *change* their masters, not free themselves from their yoke; and shout or wriggle as they may, on their back, like the old man of the sea, the directorate will sit, and continue to sit. But who is it that nominates the new directors, the reader will ask? The whole body of the shareholders, of course! Not at all; on the contrary, the nomination will be left to the few individuals among the shareholders in the body of the hall, who are *already known* to have either a greater pecuniary stake in the concern, a greater business ability and experience, or a greater *reputation* for honesty, than the rest of their body, mostly unknown to each other, can possibly *claim* for themselves, even were each of them in actual fact the possessor of all the virtues. It is these few nominators who play the part of the intermediate gods, when one directorate falls and another has to take its place; it is they who now in their turn push their own particular puppets on the stage, or enter in themselves. And so the game goes on; while the body of the shareholders, in spite of their veto, their separate or equal vote, their individual independent judgments, remain the same old "rump" or tail as before—isolated, unknown figures wandering distractedly along the corridors, who have to receive orders and not give them; and who if the ship founder have to go down with it, whatever their real power or penetration as separate individuals may be. They have of necessity, not of choice, by the very act of coming together to form an organised company for a *definite end or purpose*, become a mere series of *divided*, isolated units or points, in spite of the common unity of aim in money-getting that brings them all alike together; and it is the divided who are governed. They

have, too, of necessity, not of choice, lost the power of nomination, while retaining the mere husk of the veto; and again, as we have said, it is they who nominate that govern. In most countries the King himself does little else than this work of nomination, his counsellors doing the rest; and that is why it is he alone who governs. In other countries, as in England after the Revolution which put William and Mary on the throne, the Aristocracy captured this power of nomination, and governed accordingly until within living memory. In America, on the other hand, a conclave of saloon-keepers, bosses, Tammany Hall rings, and industrial magnates—a handful of men at most—who stand, it will be observed, outside the vast millions of voters, have succeeded slowly but effectively in capturing the power of nomination to most of the important offices in the government of the separate States; and accordingly it is they who govern—and not the Federal Congress, or even the President himself. But as one and all of these nominators are, like the gods, all-potent but rarely seen, seated as they are high above the clouds, or standing like conspirators in the background or wings, and known only through the acts of their puppets whom they direct and push on the public stage, it may truly be said that the true aim of practical politics is a proper machinery for the *selection and control* of these unseen, all-powerful nominators, wire-pullers, or caucus-managers of every grade and sphere, so as to ensure the identity of their interests at every point and at all times with the public good. This I commend to that most genial-smiling, smooth-sailing, sentimental-persuasive Bobadil of the Fabian Society, Mr. Wells, who imagines that by merely calling a meeting of “the People,” with their individual votes, and by “leaning on the Labour Party,” he is going to pilot his Fabian Utopia into port, without having first got safely under hatches those invisible gods who do the wire-pulling from behind the scenes. For in that case the human animal would have had to be organised like the hawk, which does its foraging

alone, and not like the creature Man is, who goes in herds, as Nature intended him, and for which she has mentally as well as bodily equipped him. The point only requires to be definitely stated, and pressed home firmly enough, to be seen on a moment's reflection: and, if true, the consequences of its recognition, I repeat, for the future of all politics, will be as great for the next century as were the teachings of Rousseau for the last; for instead of keeping its eye on *numbers of votes* and ballot-boxes, the world will keep its eye on the invisible *nominators* who appoint the leaders, who in turn rule the ballot-boxes and votes of these vast miscellaneous herds. So that in accusing the Fabians in general of beginning their reconstruction of Society from below, from the tail, rather than from above, I am accusing them of what, from the nature of things and of the creature on whom they propose to operate, is a flat ineptitude.

But now, leaving Mr. Wells for the moment, we have next to consider Mr. Shaw, Mr. Sidney Webb, and Mr. Ramsay Macdonald, all of whom also propose to begin their operations from *below* instead of from *above*, from the tail-end or circumference of society instead of from the centre; and that, too, *before* they have captured either the physical arm, or the active, sympathetic co-operation of the Central Power. Their schemes, in consequence, are as chimerical as that of Mr. Wells; and the millennium would indeed be here before, by their respective methods of approach, they would have arrived in sight of their goal. A contrast of these methods will of itself let us into the inner workings of the whole Fabian scheme, better, perhaps, and more quickly than any amount of separate detailed delineation.

The plan of Mr. Webb and Mr. Shaw, then, is to get their trusted nominees elected to borough councils, vestries, school-boards, boards of guardians, &c., in town and country, there to sow among their *confrères* on these bodies the seeds of their policy of the final taking over of the instruments of Production

and Distribution by the State. This process of secret and gradual insinuation was, in effect, a real conspiracy, as Mr. Shaw with his usual frankness and humour admits; and so successfully was it carried out for a number of years by Mr. Webb, the arch-conspirator in it all—at whose audacity in this thimble-rigging of Bumbledom even Mr. Shaw stands amazed!—that it was believed by them that the Fabian dream was actually about to be realised. When consummated in these little hole-and-corner groups of the political world, and when the Fabian leaven had had time to work its way freely among them, the plan of the chief conspirators was to expropriate only just as much of the Land and other instruments of Production and Distribution within the area, or the immediate vicinity, of these parishes and boroughs, as would furnish the capital necessary for the next wider circumference of advance; arranging for the compensation which was to be paid to the disinherited owners, to come out of the pockets of those *other* landlords and capitalists in the neighbourhood for whom the guillotine was not yet ready; much in the same way as it is proposed to compensate the licensees of superseded public-houses out of the enforced contributions of their brethren still left in the trade. In this way it was hoped that by beginning thus stealthily and noiselessly from the circumference, the propaganda would enlarge itself in ever-widening circles from stage to stage, paying its way as it went, until the whole country would have been silently converted to Socialism almost without knowing it, and that, too, while the Central Government, unaware of its existence and lapped in security, had fallen asleep. It was a Utopian, Bobadil scheme, no doubt, without the collusion of the Central Power to back it, and was sure to have been found out at last; though it had its “points,” nevertheless, as we shall presently see. But the West Ham Workhouse scandals gave it the *coup de grâce*, and ruined all; and since then Mr. Shaw and Mr. Webb, retiring discomfited to their tents, have now to sit in “cold obstruction” and consider themselves,



before plotting out some new and more deeply-laid design. The central fallacy in it all lay in their imagining that any log-rolling scheme to be engineered from the tail-end and extremities of Society, *without* the connivance and support of the Government, could avail them within any period which the most time-piercing telescope could bring within the range of sight. As well imagine that any number of votes of the petty tradesmen and artisans around the village greens, or any number of armed insurrections of John Balls or Jack Cades, could dispossess the great landlords by *any* disposition of their forces whatever, without the latter being first coerced to it by the Central Power. They would be defeated in detail as they arose. And when, as in the scheme of Mr. Webb and Mr. Shaw, the landlords and capitalists, instead of being benefited, like the publicans, by the expropriation of their neighbours and comrades, stand on every count to lose by it, and ultimately will have to feel the full weight of the axe on their own necks, to imagine, I say, that they, too, will put their hands in their pockets at the word of command of isolated cliques of Bunbles on the outskirts of society, is a downright absurdity. Instead of standing around the bodies of their dead comrades, like sheep waiting themselves to be bled, they would fly from the scene like hunted foxes, and with their fire-branded tails set the country around them in a blaze of insurrection and terror as they went; and all because the conspirators had not first secured both the sympathy and the sword of the Central Power. Mr. Wells himself, who appears anxious in his book to constitute himself the sole High Pontiff of Fabian Socialism, and who tries to extrude the older policy which Mr. Shaw and Mr. Webb had so carefully laid in the Fabian nest, in order to deposit his own single cuckoo egg there, talks of this policy and method of approach of theirs as if it were a piece of parish-pump politics, worthy only of the 'eighties when it was first framed and projected by these gentlemen,—as a kind of back-stair approach, in fact, which could only win over at best the chief

butler and his staff of consequential underlings of the servants hall! But their scheme has its "points," as I have said, and indeed is in every way superior, as we shall now see, to the scheme by which Mr. Wells proposes to supplant it. For they saw vaguely and, like Buonaparte, felt instinctively, what Mr. Wells has not yet even caught a glimpse of, namely, that they who nominate, govern; and they have in consequence taken the best possible means open to them by which to compass their ends—in the absence, that is to say, of all co-operation from the Central Power. They rightly saw that, by making the unit of their area of operation the *smallest* possible, the parish Bumbles (before whom, like a couple of British envoys to a native Oriental Court, they contemptuously bent and salaamed, the better to win them over to their designs!) were the only men who had any initiative or political influence over the petty tradesmen, artisans, and peasants of these boroughs and parishes, each man of whom would be personally in touch with them.

But what does Mr. Wells propose in place of this? Firstly, to enlarge the unit of area over which the Fabian propaganda is to operate, to the size, as he says, of a mediaeval principality, that is to say, to a circumferential range so wide that men can know as little of each other as they do of those invisible gods—the few wire-pullers who must everywhere exist in the background of every large body of men thus isolated and dispersed—who, we may be sure, are not going to be pushed from their stools by any number of mere Fabian "carpet-buggers" sent down among them, who as "Intellectuals" would be "suspect" from the start! And when, as in his second proposal, he declares that he is prepared to "lean on the Labour party" in these enlarged constituencies entirely for his support; that he further counsels this Party to beware of any devotion to "leaders," all of whom he would wipe out and replace by what he calls "the continuity of the collective mind," that is to say, the tail itself, it looks as if their only

authority and guide was intended to be no other than Mr. Wells himself—or his book! It is evident, therefore, that this scheme of his for capturing the Government by the isolated votes of sheep without bell-wethers, and that, too, without any aid from the Central Government, is more Utopian, and, with all its pretensions, in every way inferior to that of Mr. Shaw and Mr. Webb. It has thrown away all the good points of their parish Bumbledom scheme, and without any countervailing advantages of its own.

But behind these three gentlemen who stand in the limelight in the foreground of the Fabian stage, there is Mr. Ramsay Macdonald and his Parliamentary Labour cohort, of later and fresher blood, in the wings. What shall we say, then, of him and them? Mr. Macdonald himself, in his book on "Socialism," has grounded himself on a theory of Evolution in my judgment as superior to that of the Fabians I have mentioned as theirs is to the crude economic theory of Marx out of which it arose; and of which both it and Mr. Macdonald's still retain some of the early tang. (Otherwise Mr. Macdonald's theory proceeds, as it winds itself along, with so much really fine discrimination and penetration, and harmonises so well in its outline with my own views, that it was not until (assuming the rôle of philosopher turned practical politician) he suddenly cried halt at a particular point, that I felt obliged to protest. This point was reached when, after insisting, like the Socialists in general and the rest of the Fabians in particular, on our cropping the heads of the great Leaders and Organisers of the world in their various departments (the race of merely hereditary do-nothing capitalists and interest-receivers he would shave down to the scalp itself!), he proposes to allow the vast miscellaneous tail of the casual, unskilled incapables and slum-dwelling wreckage to breed freely, multiply, and stagnate in their millions unchecked—with their complement of alien paupers added—until, like the tail of a comet, they fill the whole belt of heaven, and sprawling out to infinity threaten to blot out the very

stars; while starving, in the meantime, the rank and file of the genuine army of efficient working-men,—and all for what? To give to this herd of camp-followers a first lien for subsistence, as with the old Roman populace, on all the resources of the State! The thing is monstrous. Indeed, to carry this portentous over-expanding tail, and expect to make of it on any scheme of human evolution whatever, a compact, coherent, social organism, would be an impossibility for gods or men. But a bargain is a bargain; and if Mr. Macdonald and the Fabians will consent to cut down this overgrown tail to reasonable proportions, there is nothing in my theory of evolution at least which would prevent my seeing with equanimity the heads of the overgrown millionaires or other overblown parasites of the world cropped to the same reasonable proportions; but not until then. But will they, dare they, agree to this? Logically they should, for, firstly, as they intend to begin their operations, as we have seen, from the tail, the pruning of it of its redundant elements *ought* to be their first concern. Secondly, because having thrown in their lot with the party of Peace, almost at any price; and realising, doubtless, that the internal reorganisation of society is itself a sufficiently big problem for any nation to handle, without having, like the defenders of Jerusalem, to build with the trowel in one hand and the sword in the other; they may well feel that it is no longer necessary to keep vast herds of possible shilling-a-day conscripts always on hand and available as food for powder! And thirdly, because it is neither decent nor fair to put coercion and restraint on any one section of society without applying an equal pressure to every other. To cut an organism like human society into two sections, to one of which the most drastic, despotic central control is to be applied, while the other section is to have unlimited *laissez-faire* to welter, sprawl, and gender in as it pleases, is not only a moral injustice, but an intellectual insanity. And when it is done under a theory of evolution as generally sane as that of Mr. Ramsay

Macdonald, one must press him hard to tell us precisely what he proposes to do with this ineffectual expanding tail. Does he agree, for example, with Carlyle, who in disgust with the hopelessness of *laissez-faire* methods, humorously but grimly proposed in *Sartor Resartus* to shoot them outright, like Spartan helots, as good rifle-practice for the more ingenuous youths? Or would he rather, as an alternative, emigrate them wholesale to other lands? Or would he, on the other hand, prefer to stop their breeding by penalties, or by artificial methods like those proposed by Bradlaugh and John Stuart Mill? Or, perhaps, he would break up their warrens in the slums, and (as ought to have been done any time for the last fifty years) spread them evenly over the whole country as fertilising compost, instead of allowing them to concentrate and stagnate like poisonous sewage. Or, lastly, in despair of any or all of these solutions, would he leave them, with their free *laissez-faire* tickets on their backs, to hang for ever on the necks of mankind, as the negroes are doing to-day, and will continue to do, on those of the Americans—or what? And when he and his fellow Fabians of the House of Commons have selected their method, I shall then challenge them openly to announce this method to their constituents—that very tail on whose votes they (with their intellectual ideals) illegitimately draw, and on whom they depend for the installation of their *régime* in power. But will they? I trow not.

## CHAPTER IV.

---

### A DIALOGUE WITH MARX.\*

**I**N this my final chapter I have been deflected unintentionally from my normal course by an irruption of the followers of Marx and the Social Democratic Federation, who have given me roundly to understand that no triumph of mine or another's over the sentimental "Clarionettes," of whom Mr. Blatchford is the leader, or over the Parliamentary contingent, as represented by Mr. Snowden and Mr. Ramsay Macdonald, and, above all, over those half-hearted Laodiceans and waiters-on-Providence of the Fabian Society—Mr. Wells, Mr. Webb, and Mr. Bernard Shaw—will avail me a jot unless I can get out of the way, first of all, Karl Marx's great book on *Capital*—the basis, as they declare, of the only Socialism worthy of the name, and on which, or on nothing, their Utopia, should it ever arrive, must rest. And as the main body of the Socialist Press keeps on reiterating this opinion of my ardent and stalwart young friends of the street-corner, whose sincerity and unselfish devotion to their cause cannot for a moment be doubted, I feel I have no alternative but to accept their challenge in the friendly spirit in which it is offered; the more so as I am pricked to it as a point of honour by one of their number, who tells me plainly that the depths of Marx are "beyond the reach of my comprehension." I had, indeed,

\**Fortnightly Review*, July, 1908

imagined that I had already said quite enough in my previous articles to have got Marx out of the way altogether as a serious Political Economist; and I had hoped that with Marx and his irreconcilables well under hatches, there might at least be a chance of this discussion ending in some kind of scheme which would draw all reasonable English Socialists nearer into line with the other political parties in the State. Mr. Blatchford had already, as we have seen, made me quite spontaneously some important admissions and concessions; Mr. Snowden has added more, and Mr. Ramsay Macdonald yet others; and later on I was prepared on my own part to round off the accentuated edge which I had put on portions of my argument, for the purpose of cutting out more clearly those anomalies and absurdities which lie concealed under every form of Socialism as a practical working scheme for the present age of the world, but which it is not the cue of any one of its representatives to allow too openly to appear. I was also prepared to make a number of concessions on my own account to what I believe to be both good and true in Socialism; but in imagining that I had made even the slightest impression on the Social Democratic Party and the other adherents of the School of Marx, it appears that I was entirely mistaken. Mr. Hyndman, in refusing to take up my challenge in this article to discuss with him the Political Economy of Marx's book on *Capital*, tells me quite frankly that nothing which has appeared in my former articles leads him to think that I "understand Marx at all." Mr. Belfort Bax, however, who, with Mr. Hyndman, is one of the two accredited exponents of the Marxian Political Economy in England, has gallantly stepped into the breach, and has willingly consented to reply to anything that I might here have to say.

Now, the chief deterrent for English readers in Marx's book on *Capital*, is not so much its profundity; on the contrary, as we shall see, it is a most simple and childlike piece of work; but is rather the difficulty of grasping it, owing to the peculiar phraseology in which he has chosen to express himself. I have

just re-read the book for the purposes of this article; and to show that I am doing no injustice to his style, which is obscure and involved to a degree, and besides is so vague by reason of its endless circumlocutions and want of directness that it can only be grasped with an effort, I shall inflict on the reader only a single quotation, as a fair sample of the whole book. Let us take the following mystic utterance:—"The value of a machine is determined not by the labour process into which it enters as a means of production, but by that out of which it has issued as a product." Now this looks very profound, does it not? And yet it only means this:—That the value of a machine is determined not by the amount of wealth which it can produce, even were it to rain down sufficient manna from heaven continuously to feed all mankind, but by what it will cost an ordinary workman to buy its materials, fit the pieces together, and feed, stoke, or otherwise attend the machine as it runs; or, in other words, its value is not as an *invention*, that is to say, as a mental product, but as a mere piece of *manual labour*, whether skilled or unskilled. But it would not have done for Marx to say so straightforwardly; for not only did he himself know quite well that it was the machine as an invention, and therefore the inventor, who at bottom was both primarily and ultimately the author of most of the added wealth which his mere machine as a piece of wood and iron was giving to the world; but he knew as well that even the most stupid of the workmen who either made or attended the machine instinctively knew it also. And as his object was to get the Inventor of the machine huddled away and hidden out of sight in the background or wings of the stage; and the Capitalist, who had bought the machine with his own money, put under lock and key as a criminal exploiter and thief, in order to concentrate his limelight solely on the Workmen and their machines in the centre and foreground of the stage; he was obliged to cover up his footsteps as he went along, and, like the wily old fox he was, try rather to elude the vigilance of his followers than honestly



to assist them on the trail. Hence the series of sentences, like the one I have just quoted, which attend him with ever-increasing vagueness, reiteration, and obscurity throughout the whole course of his book.

If Mr. Bax should reply that it is the mere "exchange" or market value of the machine which Marx is dealing with here, then I must press him for an explanation of why Marx, when he is dealing with the wages of the workmen, should shift his position from the mere "exchange" value to the "real" value of *their* labour? For he cannot have it both ways. If he decide on the "exchange" or market value as his criterion of value, everybody already gets his due—inventors, capitalists, workmen, and all—by competition and the supply and demand of the market; if he decide on "real" value as his criterion of value (as, indeed, he must do in a Socialist State where the competition of the market is abolished), then the giving of the navvy or workman the same pay as the inventor of the machine is a convicted piece of imposture and absurdity. But all this I have already said in effect in my previous articles. I must therefore beg of Mr. Bax that he will be good enough in his reply to me to take into his purview, as part of my impeachment of Marx's book as a whole, those portions of my previous articles in this challenge which bear on these particular aspects of his doctrine, but which I have not the space to repeat again here. By so doing he will enable me to concentrate on the only part of the book bearing on the relation between the

\*Readers who may be interested in seeing what a flood of light may be thrown on practical economic problems by reducing all their factors into terms of real cost (as distinct from the "exchange" and "utility" value with which alone the ordinary text-books deal) can be recommended to read Mr. Ewart S. Grogan's book, "The Economic Calculus," as well as its popular sequel, "Tariff: the Workmen's Charter." In the ordinary text-books, so indefinite and variable a quantity or thing as "Labour" is made the standard in relation to which all other things exchange with each other, but in Mr. Grogan's book, Food standardized according to the amount of nutritive material it contains, is made the measure of real cost, into terms of which all "value," "labour," "capital," "machinery," "production," "consumption," "profit," "interest," &c., may be reduced as into their common denominator. This once done, all economic calculations henceforth become simple matters of addition or subtraction.

Political Economy of Marx and his Socialism, on which I have not yet touched. In the present article, therefore, I propose to put this part of Marx's book into as plain English as I can command; and should I then still be charged either with misrepresentation or omission, shall throw on Mr. Bax the burden of transcribing the passages from Marx which go to prove the charge.

The general problem, then, which Marx proposed to himself was:—How by putting into his logic mill a heterogeneous multitude of Inventors, Men of Science, Capitalists, Organisers, Financiers, and skilled and unskilled Workmen of every shade and degree, to bring them out at the other end, all on a footing of perfect *economic equality*? Now, one would have said, not only on grounds of economic justice, but of ordinary human reason, that an equality of pay among them all would have been regarded both as a theoretical and a practical impossibility. Not so, thought Marx; and it was to show his army of working-men followers not only that in strict justice they *ought*, morally speaking, to get an equality of pay with their capitalist masters, but that if they would only follow his prescription in seeing that this justice was rigorously enforced, they must, and would, get it on true *economic principles* as well, that he wrote his book on *Capital*. This, however, was perhaps the least perplexing part of his problem, for it was comparatively easy to persuade the workers of the truth of doctrines which were so obviously framed in their own immediate interest. The real difficulty arose when he had to show this motley crew of workers, skilled and unskilled, how they themselves, too, like a Barnum's "happy family," could by the magic of his scheme be all induced to lie down peacefully together on an equal rate of pay—a difficulty all the greater, inasmuch as the small number of intelligent and highly skilled mechanics in their pride of rank and superiority, showed up against the loose Falstaffian regiment of nondescript unskilled casuals, like a thin sprinkling of gold-epauletted officers against the rank and

file. But Marx, undaunted by all difficulties, entered on his task with a light heart, and started out gaily with his first purely economic proposition, which was :—That in the present stage of the world and of *competitive* industry, salaries, wages, and pecuniary remunerations of all kinds, except those which are regulated by custom or law (and so do not belong to Political Economy as such), are not paid according to *ability*, but entirely according to *supply and demand*, or, in other words, according to the relative scarcity or abundance of the competitors who enter the field at any given point; as you would soon discover, he assumes, if the Kelvins, the Edisons, the Bonapartes, the Turners, or the Pattis of the world lay as thick on the ground, and were to be picked up as easily for the stooping, as either your ordinary working-men or even your skilled workmen. We could breed at a pinch, he thinks, as many “great men” as we require for every emergency of life, just when, where, and as we want them, precisely as we would mushrooms or cabbages! “Pray pardon my interrupting you at so early a stage of your argument,” I interpose, “for I have noticed that all the men of your school, as we shall see presently, carry this huge imaginary presupposition with them into every argument, as if, indeed, it were an elementary axiom; in the hope, apparently, that it may escape detection among the number of considerations which at the first blush would seem to countenance it. Now, although this presupposition of yours may be true in *ultimate* Nature, or, if you like, in the decrees of Providence or Fate—as, indeed, the fact that successive generations of mankind in their passing away and giving place to each other, always leave *somewhere* on the earth great men enough in every department of life to carry on the evolution of the *world as a whole* to higher and higher issues, would seem to indicate—it is not true that the breeding of them can be done as yet by any means known to Science; nor is it likely to be practically applicable for generations yet to come. Nor is it possible for any *particular* nation to premise

that the great men necessary for *its* particular development shall arise within its own borders; and, above all, it is not true, should any particular State, by its own man-made laws—like that decree of Herod for the ‘Massacre of the Innocents,’ designed to catch Jesus in its net—exterminate these great men outright as they arise; nor, again, if priding itself (as you Socialists do) on its facility in reproducing them as they are wanted, should drive them away by poverty, tyranny, or disgust to other lands, where their particular genius will find a welcome, and where, with adequate liberty and remuneration, they are encouraged to expand and put forth all their fruit. If Corsica, for example, had been still united to Italy instead of to France during the early manhood of Bonaparte, how different indeed would it and must it have been for the future of France and the world! Your presupposition is only true provided that *all the world* has embraced a Socialist *regime* organised on your particular pattern; but that, again, is for the millennial time, when all the other factors making for absolute equality in the conditions of life shall have been levelled up to it, but not for any age of the world yet visible through the most powerful of time-piercing telescopes. However, apologising for my interruption, and admitting your assumption for the moment—what is the next step in your argument?” “Why this,” continues Marx—“if men are paid not according to their *ability* or the *quality* of their work, but only according to the *numbers* of them in the field of competition, it follows, does it not, that if there be any *necessary* difference in their salaries, wages, or incomes, it can only come, under fair and equal conditions, from the *length of time* they work, as there is no other alternative. And from this it follows again, that if we could get all men to work the same number of hours a day, and in each of their hours do an *average* stroke of work, without either loitering or hurrying (average “labour time”); and if each *class* of these workers would only make just as much of its own particular product as was necessary to meet

the demand, neither more nor less ("socially necessary human labour")—just the right number of shirts or clothes, or household utensils, or cutlery, or what-not—would not this make the wages of all men *equal* who were doing honest work to the best of their ability? "For, look you," he goes on, "if the supply of the *same* commodity is always kept equal to its demand, its price, or value, must remain the *same*; if different commodities take the *same* average time to make, their prices too must remain the *same* (or vary only in *proportion* to the length of that time); and if all men work the *same* number of hours a day, and at the *same* pace—whether engaged in mental or bodily labour matters not—then would not the wages, salaries, or incomes of all men be the *same*; and so at last the economic status and earnings of our colossal magnates on the one hand, and of their sweated, exploited, poverty-stricken and over-toiled workers on the other, be reduced to equality?" "Yes," I assent, "but that is because things that are equal to the same thing *must* be equal to one another; and I should as soon think of denying the truth of these elementary propositions of yours as I should of denying the axioms of Euclid; or of denying the proposition that if you divide up a ten-acre field into closed compartments, each of the *same* size and with the *same* quantity of grass and water in each, and into each of these put a single colt, the present and future economic condition of these colts in food and drink must be equal, however much they might have differed had the colts been allowed freely to overleap their fences, or get at each other's provender by kicking these fences down! No, it is not your economic propositions which I intend to dispute; it is the "ifs" and "ands," the "provisos" and "conditions" with which you have hedged them round, that give me pause. For should any of these, like Shylock's *exact* pound of flesh, miscarry in the event, all the old inequalities of wages and incomes under the *régime* of Capitalism would flow in again from all sides:—as, for example, if little groups of workmen in certain trades

should make little "corners" among themselves by working longer hours; or, as in piecework, should push their work through more expeditiously in a given time; or, like miners, should restrict their output to keep up prices; or, like retailers, should continue their customary tricks of sale, or what not; and in the end these increments and differences between one class and another, or one set of workmen and another, would gradually roll themselves up like snowballs, and at last destroy that very equality of incomes which you consider *ought* to be the prerogative of all human beings, and which you say must sooner or later be realised at all costs." "How then," I repeat, "are you going to handle these 'ifs' and 'ands' and 'conditions' so as to compel all wages and incomes to work out on a level equality?" "Nothing could be simpler," replies Marx, "for if you will only let me take over all the instruments of Production, Distribution, and Exchange, and will supply me with a complete register of the state of demand and supply of every commodity, whether of brain or hand (a thing which the State could easily do), and will undertake as well to see that no more commodities of each kind are at any time made, or kept on supply, than will just meet the demand, I will undertake to guarantee in turn that men shall have equal incomes—or, rather, not I, but these laws of Political Economy which I have just laid down, will do it for us of themselves, whether I guarantee it or not—Voilà!" And then, turning round to his followers, he asks: "How does this strike you, my comrades? Cannot you, with your numbers, your votes, and, if necessary, your physical force, see to it that these 'conditions' of mine are fulfilled?" Whereupon the millions of working-class Socialists in Germany, France, and England, like the simple-minded Othello when he heard of the discovery of the handkerchief, jumped up and with one accord exclaimed, "Now do we see 'tis true"; and, as if their imaginary swords were already leaping from their scabbards, declared that if this were all, he might rely on them to see that it was done. "But softly for

a moment," interposes Marx, waving over them like another General Booth his deprecating hand, "you cannot be expected to do this thing as individuals and by yourselves, you know; the State must do it for you *collectively*, as it were; only you must give the State your individual allegiance, authority, and support." "Done!" said the men; and with this the shade of Marx vanished, and Socialism as a living force was ushered into the open arena of the world.

Now, the above, stripped of the obscurities of style and presentation by which Marx has enshrouded it, and by which he has sought to give it a show of profundity, is the real inner logical core of the doctrines embodied in his book on *Capital*. But I would respectfully point out to his followers of the Social Democratic Federation that these simple truisms are not, as they fondly imagine, sufficient to justify them in regarding his book as a new departure in Political Economy. Like the mathematical axiom that things that are equal to the same thing are equal to one another—to which, as we have seen, they are an exact parallel—propositions like these of Marx are involved at every stage of every argument of every system of Political Economy that ever was written, whether those systems are true or false. They are, in fact, mere *identical* propositions, from which no practical conclusion whatever, having any scientific validity, can ever be drawn; and remind one of nothing so much as of those mediæval biologists, who imagined they were telling of something important when they announced with all gravity that the "vital principle was the cause of life"; or of that modern barber who once told me that he had explained to one of his clients who was exercised in his mind as to the cause of his baldness, that it was due—to the loss of his hair! Besides, the logic of the whole scheme is as useless and inept for all practical purposes as that of the Quakers and other Utopians, who solemnly assert that if all the world would only keep the peace, there would be no war; and if no war, then how much more happy and blessed we all

should be! It is not, therefore, the Political Economy of Marx that need give us the least concern, except, perhaps, his doctrine of "surplus value," which I have already exposed in my former articles,—but which, I may remark in passing, my opponents, so far, have either agreed with me in repudiating, or have passed by in severe silence on the other side. It is, I again repeat, these "ifs" and "provisos" and "conditions" in which Marx has enveloped his simple economic platitudes that are alone important for us either to dispute or to consider; and to these I must, in the remainder of this article, transfer the entire burden of my argument.

We will begin, then, by asking :—What living human reason there is for believing that if the mass of working-men who have the votes, and could to-morrow, by simply walking to the nearest ballot-box, realise those blessings of a Universal Peace on earth, to which they pay so devout a lip-homage,—and that, too, without a tax either on their principles, their liberties, or their pockets—and yet in spite of the prayers of Quakers or Saints *will not* do so, but, on the contrary, will continue, like mediæval theologians, to find grounds of quarrel in the most trumpery pin-points of distinction of race, colour, or creed; what living reason, I ask, is there for believing (unless, indeed, in some fit of temporary political insanity, or hypnotised into it by abstract clap-trap phrases) that these men, or any or all men, who are still, as I have so often to repeat, three-fourths animal, will consent to annihilate at a stroke their liberty, their self-interest, their vanity, and, above all, their devouring love of *social inequality*, for so entire an overturn of all their habits, their customs, their traditions, their modes of life, and their very human nature itself, as the taking over of *all* the instruments of Production, Distribution, and Exchange, by some empty abstraction called the State, would involve? None whatever.

Where, then, lies the fallacy, the reader will ask? It lies in their neglect of the great general fact, that a healthy man is



a creature who everywhere and always lives in the *future*—in the look-out ahead from the prow, and not in the retrospect from the stern—and that the taking of *chances* in consequence is the very life-breath of his existence. It is only the insane, the idiotic, the old, the intellectually, morally, or spiritually dead, who live in the past or the present; and, if so, what sort of an outlook into the future do the Socialists propose to offer to the millions of men, each of whom, in order to carry out their scheme, will have to be imprisoned like our young colts, from youth to age, in separate compartments, with every “condition” of their lives reduced to an enforced equality; and how do they propose to prevent them from overleaping the fences in which they are confined? My answer is, that it can only be done by a restriction on their liberty as complete, an espionage of each by the rest as jealous, vigilant, and unrelaxing, and a despotism and discipline as all-pervading and crushing, as ever prison walls inflicted on their usually sufficiently fed but always unhappy inmates. Let us consider, then, how it will work out in detail; and take first the Scientists, Inventors, and Discoverers, whom Marx has ruled entirely out of his economic scheme, but whom Mr. Blatchford, throwing over his Marxian street-corner followers bodily, agrees with me in regarding as the real authors of the “surplus wealth” of the world, on whom not only all other brain-workers, but a good half at least of the present population of the world depend for their very existence. How, then, will it fare with these men of genius under a Socialist *régime*, with the ropes around their necks, and with the pay of the coal-heavers as their reward? Manual workers of all kinds, whose work is *seen*, and can be appraised from hour to hour, may, it is true, as the history of the world shows, be kept up to their work, even if by the lash; but how about the brain-workers whose methods and processes are *unseen*? “Oh! give them their reward for the time being,” say the Fabians; “for if we don’t, they can bolt elsewhere, and leave us in the lurch: but

see that this reward is cut down to a minimum, as a set-off against the fact that they need *us* as much as we need *them*." "No," says Mr. Blatchford and the Clarionites, "let them take their reward out in *honour* instead; wealth would only corrupt them; and besides, we can do without them altogether for that matter, and live on what they have *already* given us when their existing patents run out. If they don't like it, well then, let them go, and we will breed as many more of them for ourselves as we want, and just when we want them, as we breed vegetables or chickens." "No, not at all," say the Marxian main body of street-corner stalwarts, "not a penny more than a navvy shall any one of them have; for if he does, it will bring back all the old inequalities of fortune, and all the old exploitations again; and after all our labours we might just as well remain where we are, in the old sty as before. But if they try to escape and leave the country, arrest them at the ports of embarkation and bring them back again"!

But, leaving the brain-workers, and allowing them to shift for themselves, and to escape from the tyranny as best they can, what are we to say of the rest of the world, penned up in their millions, each in his separate box, each working the same number of hours, at the same average pace, and each with the jealous eyes of his comrades upon him to see that he neither exceeds nor falls short of his stint of work; and yet each, like our young colts, longing to "kick over the traces" and get for himself, in pastures new, a breath of liberty? What of these? Why, they would die of boredom and disgust. And if to these chains are added those of a broken-up family life, with husbands separated from wives, and both from children (for this is the prescription of the most rigid sect of Socialist Pharisees), no government once inaugurated and set to work on these lines could endure for an hour. The world of men would die rather than submit to it; for it is one thing to whip oneself up into raptures over State Socialism while you are still free, as over war while you are still enjoying the blessings of

peace; each may be good as a diversion or sport, or as casual relief from monotony or tyranny; but to contemplate a *continuance* of either for an indefinite time, and especially for the "dim common population" whose main occupation in life is, and must be, in their humble way and with the general approbation of their fellows, to raise their heads before they die, be it ever so little, *above* those of the same rank, class, occupation, or condition as that in which they were born or brought up; this forced *economic equality*, fastened on them like an iron waistcoat, would, I repeat, be at once their social and moral death. But in this opinion it would appear that I have reckoned without my host; for the Socialists, not apparently having ever suspected this *forward chance-taking outlook* of all healthy human creatures from the prow of the boat, but having been taught by existing political philosophy to regard only the *débris*, the backwash, the social wreckage, and the excreta left by *laissez-faire* to accumulate in its wake, and to generalise from that alone as if *it* were human life; the Marxians, I say, think they have a device by which they can turn the flank of objections such as those I have just raised, and by means of which the mixed millions of brain-workers, the skilled and unskilled manual workers, the hopeless incapables of the slums and all, can be kept each in the little separate, equal-sized, equal-conditioned pens in which, with their equal supply of money or food, they have been imprisoned by Marx—and all so quietly, peaceably, and contentedly, that not a kick of revolt or even a sigh for the good old times of liberty is left in any one of them! Now, this strange imagination takes its rise from that most curious and Utopian, perhaps, of all the Socialist's dreams, namely, that mankind in general, when once their pecuniary anxieties are relieved by the *economic equality* which the Socialists would practically confer on all alike, would immediately apply themselves as an outlet from their restraints to *the higher things of the mind* as their rightful birthright (after being so long defrauded of them); and would be found,

after their short and leisurely hours of labour, sitting in crowds in the galleries of vast amphitheatres during the rest of the day, listening to the discourses of modern Platos on the Immortality of the Soul; to ethical lectures on the "Perfect Life" or the Higher Criticism; to artistic and literary dilettanti on the higher beauties of Michael Angelo, Wagner, Browning, or Meredith; to lectures on Philosophy by the Herbert Spencers of the time; or to religious hymns, like the "Red Flag," in praise of Socialism itself! Now, as I would treat this method of preventing the young colts "kicking over their traces" by making them stand on their heads—with the State alternately hypnotising and whipping them up to keep them there—with the serious consideration which the Socialists themselves have given to it, the first remark I would make is, that just as the number of really "great men" in the world in any and every walk of life at any one time in its history is a mere handful, so the numbers of those who really appreciate and enjoy the higher things of the mind for their own sake is the merest fraction of a fraction of every community; and that by no process yet known can either the State or Religion, either gods or men, by merely bringing them to the bread and waters of life make them either eat or drink freely. Did the Roman populace rise to this ideal height, even when they were supported by the State, and when the corn ships from Alexandria, Sicily, and North Africa, which fed them, arrived at the mouth of the Tiber with the regularity of the tides? Did the highly-cultivated Greeks, after their conversion to Christianity, and at a time when each man of them really believed that he would have to answer for himself before the Judgment Seat—did they spend the rest of the week in meditating on the words of the "golden-mouthed" Chrysostom after listening to his Sunday discourses? Not they; on the contrary, they rushed instead to the doors of the Circus, and when they got inside fought over the colours of their favourite charioteers of the "blue" or the "green" factions, with the

mingled desperation and revenge of a crowd of lynchers in the Southern States. And so, too, the men of the Middle Ages, who also walked through life on pain of eternal perdition at every turn, crowded the bear-gardens rather than the churches, and listened more eagerly to stories of illicit love than to discourses on morality—except, perhaps, when the Puritans, frightened out of their wits by midnight visions of hell, put an embargo for a season on all mundane joys alike. And why, I ask, should it be different to-day? Whence, then, did this idea of the Socialists of founding their Commonwealth on the virtues and on the higher life of the soul arise? And how did it get its foothold of feasibility?

The truth, I believe, lies in that old fallacious assumption that “the love of money is the root of all evil,” which the Socialists have stolen without acknowledgment from a Christianity in which they do not believe, and which is the source of all their Utopian dreams. Now, although good as a doctrine for a Kingdom not of this world, or for a millennium on earth believed to be close at hand, as in the early days of Christianity; when preached to a human animal who can reach his heaven on earth only by the slow process of evolution, who is still knee-deep in the primeval slime from which he is only just painfully emerging, and especially to men who have been led by some abstract hocus-pocus of a theory, like that of Rousseau or Marx, really to believe that by a dead heave and a general overturn it might be realised to-morrow, it is a most pernicious and even poisonous doctrine. For while I am only too willing to insist that dire and widespread poverty below the human decency line is a curse to the State as great as its opposite, the accumulation of colossal fortunes in the hands of a few who have both the power and the eagerness to exploit this poverty, I will still venture to contend that the pursuit and even the struggle for wealth, if its maximum amount in the case of each individual is rigorously restrained by law, taxation, or public opinion within a sufficiently elastic and yet

comparatively narrow belt, would be the salvation of the world in its present stage of evolution—and not, as priests and Socialists imagine, its bane. For it provides that scope for human *inequality* which is as absolutely demanded by a creature like Man, when you try to force on him an absolute equality with his fellows, as is its opposite, the love of equality, when he is down in the ranks, or is what Mr. Blatchford calls “the bottom dog”—if, that is to say, there is to be any game of life properly so-called at all. And it has besides this unique merit that, when the game is played under stringent rules, sternly enforced, and leaving no loopholes for evasive scoundrelism, it is a training in that moral self-restraint and consideration for others out of which all the higher social virtues of every kind can grow. Compared, indeed, with this efficacy of money-making as a school for human virtue for the masses of mankind, when thus conditioned and restrained, and as a means of satisfaction for their love of inequality, the boasted efficacy of manly, healthy field sports, much as I believe in their value for the few who can actively participate in them, shows up in perspective like the merest shadow of a shade. But that the Socialists should seek to build up the world anew by an industrial overturn, with the express object of reducing all mankind alike to a dead-level of *economic equality*, and by the doctrine of “average labour time” keep them there at each and every stage of their passage through life, so that there would really be no game of life to play, or race of life to run at all; this, I repeat, far from throwing them on their higher nature for relief, as a resource against the boredom and troubles of life, would throw them back on their primal instincts and passions rather, and in the end would plunge them into barbarism again. For rather than sit there in this beggarly enforced equality, scraping together the few odd shillings which under any circumstances would, relatively speaking, be the utmost which the doctrine of “average labour time” could or would permit any one individual to acquire over

another by his most careful saving ; rather than come to this, the world of active men, who live in the future, as we have seen, rather than in the present or past, with their economic future once secured to them whatever befalls, would from sheer desperation and *ennui* beguile their time by a universal gamble ; would exchange their wives like flies ; or, like boys, take to personal combats in the streets for the purpose of getting *some* kind of personal inequality at least recognised among them ; and, like the old Roman populace whose bread was secure, would in the end turn the cities of the world into vast amphitheatres for the exhibition of their personal prowess. Or, if not that, then, like French peasants, they would make the saving of these shillings their religion ; and would thereby destroy, as ruthlessly as if they were Red Indians, all the richer amenities of the higher civilised life, living by the chase or on roots and herbs, or like wandering Arabs, beyond the reach either of the riches or the poverty of Civilisation. Mankind, in a word, would run to seed, and revert to its original wild stock again, as surely as do the highly-cultivated plants and flowers of the conservatory when left to propagate themselves promiscuously in an open field. And in the absence of all that hope of promotion which the existence of *graduations of wealth* alone can hold out to the undistinguished millions of mankind, men would be left without resources at forty, when their physical powers or personal attractions were being superseded by those of younger men ; and at fifty would have to be chloroformed outright to get them out of the way ! Speaking broadly, this is no exaggerated fancy picture ; for unless human nature itself is going to change in the meantime by the mere advent of a Socialistic *régime* and by a universal equality of material fortunes, all the analogies of experience confirm it, and all the deeper analogies of History give it proof. So important is it for States to have at hand some simple *common measure* of universal desire, like money, as a basis of *inequality* on which the qualities and achievements of their citizens can

range themselves as on a scale in the pursuit of what is called "success in life." And as all the basal instincts of men look to the *future*, as I have already said, and have the hope of *inequality* both as their stimulus and their goal, there can, I am convinced, be no question that the pursuit of wealth, when severely restricted in amount, both in its upper and its lower registers, is by its double action in at once restraining the unsocial passions and stimulating the active powers of man, the best soil yet known out of which the higher interests of the Family and the State can grow. Absolute *political equality* may be good, bad, or indifferent for mankind at the present stage of his evolution; but as for the Socialists, not content with this merely *political equality*, but going on the principle apparently that if a single full dose of arsenic is good, a double dose must be better, they would, with a want of penetration which is as infantile as if the world were born but yesterday and History had nothing to teach them, stick an extra plaster of *economic equality* as well on the top of the political one; and so would poison their patient in the innocence of their hearts whilst really believing they were giving him an added strength; forgetting that in thus cutting off such *reasonable inequalities* as are necessary to keep the activities of the most energetic spirits aglow, and, above all, those inequalities of money incomes by which alone the great masses of mankind can be roused to exertion, they have cut away the roots of the tree from which alone the blossom and the fruit—namely, the Ideal—can spring and grow.

Such would be the effects if the Socialism of Marx and of the street-corner orators and their followers should succeed in the vain imagination of trying to make mankind stand on its head rather than on its feet; and if the leaders of the Marxian main body should succeed in imposing what they call Marx's "new system" of Political Economy on the world.



## BOOK II.

---

# SOCIOLOGY AND POLITICS.

## CHAPTER I.

---

### MR. BENJAMIN KIDD'S "PRINCIPLES OF WESTERN CIVILISATION." \*

I PROPOSE in this paper to make a few observations on Mr. Kidd's new book, *Principles of Western Civilisation*, with the view of helping those readers who have not made a special study of the subject to some knowledge of what the problem of Civilisation as it stands at the present time really involves, and under what category Mr. Kidd's book is to be placed in regard to it.

And perhaps I may as well say frankly at the outset that the farther I proceeded in the volume the more disappointed I became with it; and when I found one by one the definite results so hardly won for historical science by generations of students and specialists of the different periods, all washed out by a mop, as it were, in the interests of a particular hypothesis which the farther I went seemed to me to be ever the more confused, cloudy, and unreal, my disappointment was complete. For Mr. Kidd, instead of taking up the problem where his predecessors had left it, modifying their results while embracing and embodying all that was of value in them, as is the recognised mode of all scientific observers, has chosen to stalk ruthlessly over them all, as if unaware of their existence. No mention, for example, is anywhere made of the systems of

\* *Fortnightly Review*, April, 1902

Comte, of Hegel, of Buckle, of Guizot, to say nothing of lesser lights, and even Mr. Herbert Spencer himself, whose work, however one-sided it may appear to many, has nevertheless, on that one side at least, proceeded on the strictest lines of scientific evolution, is only mentioned to be patronised and dismissed as if he were a mere tyro. And all, as I have said, in the interests of a hypothesis more cloudy, empty, and unreal than any I have yet known. For in this work, as I hope to demonstrate presently, Mr. Kidd has retrograded to a standpoint vaguer, more crude, and, scientifically speaking, less advanced than any occupied by those earlier philosophers whose works he so lightly brushes aside.

Comte, it will be remembered, divided the whole course of Civilisation into three stages, namely, that in which Aggressive Warfare prevailed, that in which Defensive Warfare prevailed, and lastly, our present stage of Industry; and these divisions not only were firm and well defined, but had tangible realities at the back of each of them. Buckle, on the other hand, split it up into two divisions, one in which Superstition mainly prevailed, and the other in which Physical Science played its part; and this division, too, although ignoring many other equally important factors, nevertheless rested on tangible realities whose effects are easily recognised through the course of history, and on which you can place your hand to-day. But Mr. Kidd breaks the back of Civilisation quite in two, at the time of the birth of Christ; not to place the two divisions under the influence of principles which have a real operative efficiency in themselves, but under a couple of abstractions which, even if true, could have no more operative power than if they had been a triangle and a circle respectively. But they have not even the definiteness and distinctness of outline of these geometrical abstractions; on the contrary, they are so vague and shadowy that they not only give the reader considerable difficulty at the outset in definitively fixing them, but their outlines are so changeable, shifting, dark, and uncertain, that

under them the operator, like a magician, can work any hocus-pocus he pleases. These two vague and shadowy coverlets Mr. Kidd figures as the *spirit of the Present*, and the *spirit of Future* respectively; or, to put it more precisely, as that something which in the one division of Civilisation is represented as centring men's lives on the aims and interests of the present hour alone, and that something which in the other is represented as centring them on an indefinite and shifting future somewhere or somewhen, now in heaven, now on the earth, and now in both, as the exigencies of his argument require.

This division of Civilisation into two parts is made by Mr. Kidd coincident with the dawn of Christianity, all mankind before that point being represented by him as lying, like the brutes, under the shadow of the Present, without hope or ideal in the Future either for themselves, or for their tribe, their nation, or their State; all after that point as projecting their centre of action into an Ideal World yet to be realised. In other words, all peoples living before that epoch, being born without the sense of the Ideal or Infinite to cast its rainbow colours into the Future, lived, like the brutes, only for the interests of the day that was passing over them; all after it, possessed of a sense of this Infinite and Ideal, lived and worked for a something in the Future better than they had in the Present, but which they individually might not live to see. Having thus cramped and squeezed the history of mankind so as to fit it into these two divisions prepared for it—under the shadow of these two cloud-capped abstractions, these two huge, immeasurable Brobdignagian hats—and having duly labelled them respectively the Present and the Future, or that which has its centre of efficiency in the Present and that which has its centre in the Future, "projected efficiency," as it is called, Mr. Kidd then stands back from the picture as a whole, and contemplates this wondrous explanation of the evolution of Civilisation with awe; and as each feature of it appears to him more wonderful than the last, triumphantly exclaims, with

Dominic Sampson, "Prodigious," "remarkable spectacle," "the overshadowing significance of which has never dawned on the world before", while, when he thinks of his poor predecessors, or of contemporary thought in general, he talks of "its intellectual basis being completely struck away," and as being "dwarfed into comparative insignificance" by his new discovery. Not only so, but nearly every paragraph is heralded with the remark that it is "one of the most interesting facts," or is "one of the most surprising spectacles" that history offers, and the like, quite in the manner of the medicine-vendors who stand at the corners of the off-streets of our main thoroughfares and, pointing with their sticks to the maps of the organs of the body before them, tell their gaping audiences that this is the heart, "the most wonderful organ of the body"; that the stomach, "second only in importance to the heart," while the listeners, like boys who are told that certain specimens in a museum are "fish" and others "reptiles" or "mammals," are expected to exclaim "how wonderful"; or like children are expected to be satisfied when told that the cause of baldness is the loss of hair! For, as we shall see presently, the two principles of Civilisation, which appear to Mr. Kidd so wonderful that their significance has never dawned on the world before, are really only *other names* for the phenomena to be explained, and not real explanations at all. And hence it is that when these unreal pseudo-causes, the spirit of the Present and the spirit of the Future, which, like the wand of the magician, are supposed to work such wonders, although they are really nothing but the things themselves over which they are flourished; when once these have been stripped off, it will be seen that Mr. Kidd's book is not a *philosophy* of the evolution of Civilisation, as its title would seem to imply, but is really only a *record* of certain stages and phases in that evolution, in which there is nothing original or that has not been published in scores of volumes.

And further, instead of working out the course of historical

evolution from point to point along its own line, as a biologist does with animals, and letting it tell its own tale simply and independently, he projects his two vague and abstract hypotheses into each division of Civilisation, and picks out, as we shall see, only those haphazard historical facts which seem to support his classification, but which, even when they fall under it, receive no illumination or explanation from it. And in order to do this he is obliged, as we shall presently see, to pervert the course of History and to confuse all recognised landmarks and categories both of language and of thought. And besides, with the back of Civilisation thus broken in two in its very centre, as it were, he can furnish us with no single, continuous, unbroken line of development such as evolution demands, which shall either illuminate the Past or help us to steer our course in the Future. For what we want to know is, not that there are creatures that can be labelled as fish, reptile, monkey, or man, however interesting this may be, but *how* the fish passed into reptiles, how the monkeys became men; not that certain nations at certain periods centred their interests on their own nation in the Present, while others included the Future in their purview as well, but (inasmuch as Man has to forge for himself the ideals he uses to advance himself from stage to stage, as a blacksmith his tools) how at each stage he made for himself the bridge that carried him across to the next. This is the great problem of Civilisation, as it is the problem of Biology; not the mere breaking up of the process into divisions, and after labelling these divisions, invoking as *causes* those labels which are only general names for the separate things which have to be explained.

And why, again, one naturally asks, this surprise of Mr. Kidd's, expressed in such phrases as "tremendous importance," "extraordinary reach," "remarkable spectacle," "overshadowing significance," "never before has a principle of such reach," etc. (and this, too, from a professed evolutionist to whom gradation and continuity everywhere, without cataclysms,

should be an axiom of thought): why this surprise that at one period of Civilisation men found their interest and pride in the glorification of their particular tribe, or nation, or State alone, and at another and later period found it in working for the good of other nations as well—and since the French Revolution, even for the negroes, the yellow races, and humanity generally—why this surprise, we ask? Why not as much surprise that there should ever have been a time when there were savages and barbarians who did not even know the value of shirt collars, or that there ever was a time when there were not only no savages but no apes, no lower mammalia, no birds, no reptiles, no fish, but only molluscs, worms, sponges, and the like. Why any surprise at all? They were all stages in the one unbroken process of evolution.

But now to come more to detail. And first I have to show that Mr. Kidd's separation of mankind before and after the advent of Christianity into two divisions, namely, of those living in the present hour without ideal of any kind stretching beyond the Present, either in this world or the next, and those who had an ideal in the Future which made them dissatisfied with the present, would be to divide mankind not into men and men, but into men and brutes, to wipe out, as with a sponge, the one thing that distinguishes men of every age and time from the brutes, namely, the sense of the Ideal, and so to pervert and vitiate the entire course of human history. For consider it. For forty centuries or more before the birth of Christ the innumerable myriads of the Egyptian people had, in their prayers to Osiris, recounted their charities, their deeds of mercy, the uprightness of their dealings with their neighbours, and their gifts to the holy priests, the temples, and the gods, and had given orders for their bodies to be embalmed, all in the hope of a more glorious future somewhere than they had known in this world. For seven or eight centuries before Christianity, not only was the life of every Roman bound up with the prosperity of his city in the present, but ever as it

extended he identified himself more and more with its fortunes, until in the end its continued existence into future ages became synonymous with Civilisation itself. So long, indeed, had it been a kind of universal postulate that when Rome fell the world should fall, that in the general consternation that ensued on her capture by Alarie, St. Augustine had to reassure the Pagan world, whom Mr Kidd represents as living only for the day that was passing over them, by conjuring up before them a "City of God" within the Empire, which should continue its glories long after its colossal framework had been broken and its merely political unity had for ever passed away. For ten centuries or more the Jews had believed themselves to be the people chosen by Jehovah Himself, not only as His own peculiar people in the present, but as heirs of His future Kingdom; and had lived in that sweet dream during all their wanderings, their persecutions, and their exiles, until at last not only the nation as a whole, but each individual in it, longed and hoped and prayed for the Coming Messiah, and for that day when all nations should come up, even from the ends of the earth, to worship on the holy hill of Zion. But more than all, the Hindoos, for centuries before the Israelites appear on the scene, had looked to the time when, by their asceticism and mortifications, their penances, fastings, and prayers, they should be deemed worthy to unite with that Universal Spirit or Brahm which to them was alone real; while Buddha, still before the time of Christ, had taught his followers how to realise their dream of escaping from the miseries and sorrows of this life, as well as from the weary rounds of reincarnation yet to be traversed, in a Nirvana of everlasting extinction or rest.

Now, each and all of these nations, having souls in them as well as bodies, lived in *some* ideal of the future, which they hoped to realise either in this world or in another; and for Mr. Kidd to break the Evolution of Civilisation into two antithetical halves in order to prove the opposite, simply because it was not specially a Christian Heaven they were looking forward to, is



to obliterate the very first category on which Evolution proceeds, namely, that of *continuity of essence with infinite variation and difference in detail*; and so to put himself as a scientific historian quite beyond the pale of serious discussion. Does he imagine that because the Egyptians looked only to a future in the under-world or elsewhere, the Romans to the future of their City or Empire, even when they had to give their lives for it, the Jews to the future of their race long after they were individually forgotten, the Hindoos to a union in the future with the Divine Spirit, and the Buddhists to a future of everlasting rest—does he imagine that because Christianity gave promise of a different future, and carried in its core a principle of wider expansion than the others (as I have myself elsewhere abundantly shown), that, therefore, he is justified in cutting Civilization into two, because he failed to find the bridge which by natural evolution took men across? To do this is to revert to the position of those who, before the advent of scientific biology, imagined that a whale must be a fish because it swam in the sea, and did not, like other mammals, walk on all fours and on dry land! For, just as a shark, swimming along in the natural way, has to turn on its side or back the more easily to catch its prey, so Civilisation has at times to turn bottom upwards, as it were, the better to effect its ends; as when the colossal despotism of Rome, entrenched in Physical Force and backed by the great and powerful of the world, had reduced the greater part of mankind to slavery and ignominy, Christianity had to come in to give the underside of Humanity—the poor, the down-trodden, the oppressed—that chance of liberty and expansion which was for ever denied them in the existing world. But all this topsy-turvydom, which to the superficial eye looks like a cataclysm of Nature, is only one other of the *means* by which Civilisation reaches its ends; and to imagine that it was not the *same* evolution that effected the transformation, although by a difference of means, is to imagine that it was not the same shark that turned over to catch its

prey, but some other fish! Mr. Kidd might as well ask us to regard it as a breach in evolution because at certain points of time, for the greater material comfort and convenience of men, railways replaced coaches, steam-power horse-power, electricity gas; and to exclaim in wondering surprise, "marvellous spectacle," "profound significance," "a principle never seen in the world before!" He must choose between Evolution and Cataclysm, each of them in its own way a potent instrument to conjure with still, but he must not attempt to combine both.

But not only does Mr. Kidd pass his mop over Civilisation in general, obliterating all its recognised lineaments and landmarks, but he does so, too, over nearly every special period on which he touches. An instance or two may be picked out here and there as samples of what I mean. Take, for example, his account of the Gnostic and other heresies of the Early Church. He represents these heresies as having been extruded from the Church because they were relapses into that life in the present which he made distinctive of Paganism, and so would have closed again that ideal in the future which Christianity had opened up to men. Now, if there is one thing more than another which will show you at a glance whether an individual is living in the present hour and in the satisfaction of his own natural virtues, or in a future not yet realised, it is the practice of Asceticism. Wherever that practice prevails, whether among the Hindoos or Egyptians of ancient times, or the Gnostics and Monastics of Christian times, you may know beforehand that men are attempting by it to realise in themselves virtues lying beyond the range of the Present and of their own natural inclinations; you may know, in a word, that in whatever age of the world this practice is to be found, an ideal of the future, unrealised as yet now and here, has been opened up to the minds of men—an ideal which Mr. Kidd confines to the ages of Christianity alone. Indeed, if there were nothing more than this, it would be sufficient to show the havoc made in history by the attempt to cramp Civilisation

under two separate antithetical hats, and would stamp Mr. Kidd as unfitted by his want of penetration to be an historian of Civilisation. As for the Gnostics, Arians, and other sects, they were expelled from the Church, not because they were wrapping themselves up in present indulgences—on the contrary, with the exception of the Carpocratians, none felt more deeply the need for redemption or subjected themselves to more self-denying mortifications to attain it. Or does he imagine that men like Tertullian and Origen, who did more, perhaps, than all others beside to make the future of early Christianity, but who were afterwards extruded as heretics when the full-blown doctrine of the Trinity had been reached, like fathers devoured by their own children—does he imagine that men like these, who died in the very odour of sanctity looking forward to a blessed resurrection, were living a life in the present hour, or depending on their own merits and not on those of Christ for salvation? The thing is too ridiculous for discussion. And as for the Pelagian heresy, again, had it been accepted by the Church, it would no more have caused the members to relapse into the Pagan life of the present, because it made salvation depend on man's free will rather than on the grace of God, than it does to-day among Calvinists and Arminians respectively.

But dip into Mr. Kidd's volume where you will, and you will find that his history has been muddled and perverted by these empty chimeras called Principles, projected retrospectively into it, and which, as we shall now see, are as practically useless as they are unreal. But what can you expect from a writer who, professing to be an exponent of Evolution, begins by digging two great pits of the Present and the Future respectively, which he figures as antithetical, as light and darkness, into one or other of which all the facts of history are to be thrown for interpretation. As well throw them into their graves as far as any further use they can be for a Theory of Civilisation is concerned. Indeed, were this practice of writing

histories of Civilisation on a basis of single antithetical elements to prevail, we might have as many theories of Civilisation as there are antitheses in Society—theories splitting Civilisation into periods, in one of which War mainly prevailed, in the other Peace; one in which Force, the other Right; one Superstition, the other Science; one political and social Antagonism, the other political and social Co-operation; one Inequality, the other Equality; one Despotism and Slavery, the other Freedom and Industry; and so on.

And now I have to remark that the worst of all these attempts to split Civilisation into two antithetical halves is, that they are of no practical value whatever. For when their authors have brought their histories down to our own times, and are then asked, "Well, what do you propose we should now specially do?" what can they answer but to say, we have a little too much War, let us have a little more Peace; too much Force, a little more Right; too much Hunger, a little more Bread; too much Credulity, a little more Knowledge; too much hard Reality, a little more of the Ideal; and the like—all of which could with justice have been said at any and every stage of Civilisation, and can be heard every day from a thousand-tongued Pulpit and Press, as well as from the man in the street. But we expect more from a philosopher of Civilisation. We expect him to tell us how these various and complex factors of Civilisation are related to each other, and how they can be combined at any particular point of time so as to get what we want, and so to advance Civilisation another stage. But all that Mr. Kidd can do is, like the rest, to cry out, Let us have a little more free play of thought and individuality, a little more Industrial Liberty, and a little more Religion; but of how to set about getting it, which would have been a real test of his insight into Civilisation, not a word.

How, then, the reader may ask, do I suggest Mr. Kidd ought to have proceeded in order to have made his work both a true and a useful philosophy of the evolution of Civilisation. He

should, I submit, have done something like the following :— He should have represented the whole movement as a single, continuous, uninterrupted process from beginning to end, and not broken in two in the centre. He should have made it set out like a boat from the shore of pure Brute Force and primitive savagery, and gradually cross the stream, getting ever nearer the opposite or Ideal Shore though never reaching it, or never, indeed, until the Millennium comes. He should have shown that each point in its course represents the actual net result of Liberty, Morality, and Social Expansion solidly realised and won from the primitive barbarism and night. And he should have shown that at each point this result was not the result of any mere general abstraction like his spirit of efficiency working in the Present, or “projected efficiency” with its centre in the Future, but was the net resultant, at once of the co-operation and of the opposition, of all the factors engaged—Religion, Government, Philosophy, Science, and Material and Social Conditions generally—and instead of dipping into the current here and there, should have worked the whole process out continuously from stage to stage. It would then be seen that just as all the artillery of thunder and lightning and storm clouds in the heavens are but *means* for watering the earth and making it fruitful, so all the religions, governments, sciences, wars, institutions, and ideals of men are but means for the gradual increase of individual and of social Morality, and for the greater and greater expansion of the human spirit. This alone is the core of Civilisation, all else but husk; and the direction taken by this line in the past, and the combination of means by which at each point it was effected, not only will give us the *direction* in which we must steer in the future, but will yield us principles and precedents innumerable on which to draw for hints as to how we are to combine existing forces to reach the next stage. This would be a real Philosophy of Civilisation, fruitful in speculation and useful in practice. But Mr. Kidd’s theory can give us nothing

of all this. It is what an American friend of mine calls a "one-horse theory" of Civilisation—that is to say, a theory where the presence or absence of a single *general* element is made to explain each and every stage of progress, namely, the principle of Projected Efficiency. Now you can no more get the explanation of a *particular* stage of evolution from a single abstract element, or from that element and its polar opposite, than you can get an explanation of a particular temperature from heat or cold in the abstract, or of a progressive increase of light from light or darkness in general. To get these you must have at least some *third* element to fix and definitise them. And so with Civilisation. But Mr. Kidd's flag of "Projected Efficiency" floats gaily alone over the entire period of Modern Civilisation, ignoring not only Government, Philosophy, and Material and Social Conditions generally, but most extraordinary of all, perhaps, the immense influence exercised on every aspect of thought and life by the Copernican Astronomy and by Modern Physical Science.

But is there no truth at all in Mr. Kidd's account of Civilisation? the reader will ask. Now, to answer this, and to be quite fair to Mr. Kidd, I will assume for the nonce that his doctrines are all quite true, and shall now ask the reader to consider with me what that truth really amounts to. And nothing, perhaps, will better help to make my meaning clear than an analogy from Biology. But to definitely fix Mr. Kidd's position, let us take the summary of his two principles of Civilisation. He contends that the principle that presides over the first division of the break he has made in Civilisation is one in which the ruling end is being obtained by the subordination of the *individual* to *existing* society; the principle that presides over the second is one in which *existing* society is subordinated to the society of the *future*. Now, without waiting to do more than merely allude to the confusion of categories by which the *individual* in the first is contrasted, not with the individual in the second, but with *society*—a

cardinal error in logic—it will be apparent to the reader that this division corresponds precisely to the earliest, simplest, vaguest, and least scientific stage of Biology, namely, that in which living things were divided into the Vegetable and Animal Kingdoms respectively; the vegetables corresponding to Mr. Kidd's civilisations that lived only in the Present, being rooted to their place and unable to move; the animals, corresponding to Mr. Kidd's civilisations that lived in a wider Future, being, whether as individuals or as herds, free to roam over areas distant from those in which they were born. If this be a true analogy, I submit that just as a more scientific stage in Biology was reached when the Vegetable Kingdom in general was divided into the Flowering and the Flowerless Plants respectively, and the Animal Kingdom into Molluses, Fish, Reptiles, Birds, the lower Mammals, and Men, so it would be an advance on Mr. Kidd when some one of his own school should subdivide again his first division, namely, of men living in the Present, into men living for their own Family alone in the Present; men living for their Tribe alone; men living for their State alone; and, finally, men living for their Empire alone; and his second division into men living for a future life in Heaven alone, as among the Early Christians and the Church and monks of the Middle Ages; men living as *individuals* for Heaven alone, but, finding that the earth was not coming to an end so quickly as they expected, trying to distil some of the dews of Heaven on to Society below, as up to the Reformation period; then men living still for a future in Heaven as individuals, but determined that the will of God should be done on earth as in Heaven, as in the Reformation period; then since the French Revolution, men inspired with a vision of a more glorious future for society on earth, when freed from the feudal and priestly chains which prevented its expansion; and, lastly, this idea still further intensified, but inspired by a different view of how the Infinite works, and what it requires of us in this world. Now this, it is evident,

would be a more scientific classification than that of Mr. Kidd, which jumbles them all together under the two vague divisions, of those who live for the Present, and those who live for the Future. But even had he advanced to this classification, what would it have amounted to? It would only have been a record of stages, not a scientific account of their evolution. For just as Darwin did not begin his account of the evolution of species until the vegetable and animal world had already been distributed into their various classes and divisions, so a true scientific account of the evolution of Civilisation could not properly begin until long after the stage reached by Mr. Kidd; not, indeed, until after some future Mr. Kidd had still further subdivided his two divisions in the way I have indicated above. For just as the biological problem of evolution is not so much to relegate any special animal to its class or species, as to find *how* species pass into each other and by what connecting links, so the problem of Civilisation is not to point out that this or that people is living in this or that stage, but *how* Society got across from one stage to another, and by what methods it forged the instruments which it used for the purpose. It would have to show how Græco-Roman Paganism, for example, got across to Christianity by way of Judaism; how Judaism forged the conception of God which was used for the purpose; what changes in its environment necessitated the change of the Early Church into Catholicism; Catholicism into Protestantism; and Protestantism into the Liberty and Equality of Rousseau. And not only so, but it would have to show how the strange metaphysical bedfellows who forged the necessary doctrines for these transitions, and whom (although they mutually anathematised and made heretics of each other) Mr. Kidd manages to get to lie down quietly together under the same coverlet, namely, the doctors of Early Christianity, Ante-Nicene Christianity, Catholic Christianity, Reformation Christianity, *post* Reformation Christianity, and so on; how these passed into each other by



natural evolution,—all this is the problem of the Evolution of Civilisation for any writer who would be up to date. But nowhere does Mr. Kidd make any attempt to show how any one of these things was brought about. he merely records the fact that so it was, in the same way as if one should record the fact that in the course of evolution the molluscs gave place to fish, fish to reptiles, reptiles to birds, birds to mammals, and mammals to men.

To sum up, then, we may say (1) That Mr. Kidd's book is not a scientific evolution of Civilisation or of any part of it, but a mere historical record. (2) That it is not a closely-written history but a series of generalised sketches picked out at certain points. (3) That its explanations are mere labels attached to its divisions, and these divisions, again, are of the most primitive scientific character, like the division of Life into the Vegetable and Animal Kingdoms. (4) That to cramp his facts under these two immeasurable hats of the Present and the Future he has to pervert history, confound all human categories, and lump together things most opposite in essential nature. (5) That he nowhere even starts on the real problem of Civilisation, namely, of showing *how* one stage passed into the other, and by what means, and out of what materials, Society forged the tools necessary for these transformations, or how the great factors of Religion, Government, Philosophy, Science, and Material and Social Conditions co-operated at each point to produce them. (6) That he cannot, in consequence, get any fixed, continuous, and definite line of *direction* of Civilisation, and so has no line—as that of a mariner's chart—by which to steer the course of evolution, either in the present or in the future. (7) And lastly, that, incredible as it may seem, he nowhere assigns any part in the development of Modern Civilisation to the results of Astronomical and Physical Science.

And now a word or two as to the general style, tone, and manner of the book. And here, again, we may say that it possesses all the characteristics which one would expect in a

work in which facts and principles have to be clipped, tortured and coerced, in order to get them to lie down peacefully together under the two vague and all-embracing abstractions with which Mr. Kidd seeks to cover them. Tom-toms are beaten, cannon salvos are kept booming all along the route, to herald the approach of the new revelation, while he, panting and breathless in the midst of it all, and in a white intensity of earnestness, first hypnotises himself with the importance of his message and then hypnotises his readers by wrapping it up in a cloud of words and phrases, windy, confused, and without real definiteness or point; while in the one particular of sheer repetition, the world of literature, I will venture to say, has not its parallel. Like that tailor whom I once saw sitting cross-legged in the grounds of a Canadian asylum, fiddling without intermission all day long as if engaged in some life-and-death struggle with his instrument, and who, I was told, began the morning with the continuous repetition of a single tune, but as the day wore on added another and yet another to his repertoire, repeating each of them from the beginning with quickened intensity of pace until, by nightfall, he had fallen over exhausted, Mr. Kidd starts out modestly enough with the repetition of some single phrase, but keeps adding others and yet others to it, hoarding them all the while and counting them over and over lest any coin of them should be lost, until, when the middle of the work is reached, the list becomes so long, and the repetition so tedious, that not only is the narrative blocked at every turn, but it is with the greatest difficulty that you can keep your attention until it begins again. One can stand the house that Jack built, and the malt that lay in the house that Jack built, and even the rat that ate the malt that lay in the house that Jack built, but when it gets to the cow with the crumpled horn, the maiden all forlorn, the man all tattered and torn, and the rest, and when you can see it all coming before it arrives, nothing but the sheer sense of duty to your author can avail to keep you awake through it all. The very drumming

of the sound and the regular repetition and fall of the same phrases, and especially of that terrible one "within the limits of political consciousness," drug and hypnotise the senses and the mind.

The style, again, is that of bald prose, varied and interspersed with eruptions of hyperbole all along the course of the work to keep up the reader's attention; one or other of such phrases as "extraordinary character," "deep significance," "gigantic problem," "over-mastering conviction," "one of the most remarkable spectacles." etc., meeting you on nearly every page. But in justice to Mr Kidd it must be said that, amid all this, one comes occasionally on islets of real narrative, scattered like oases here and there in this desert of verbosity, and especially in some parts of the sections on the Middle Ages and after. You catch a hint of their coming from the flourishes with which they are heralded, and you prick up your ears to listen, but as a rule your interest will not be at once gratified, for the chances are that just as you think you have come up to them you will be whisked on to the house that Jack built, again, and so you must bide your time. But when he has run through all the variations on this theme, and, forgetting himself for the moment, gets to his real subject, you have some really excellent pieces of description, clear, straightforward, and illuminating; but these, alas! become fewer and fewer as we proceed, until towards the end all is lost in the general haze again. The quality of intellect displayed, if one may venture to judge it by the way in which the subject is handled in this volume, is that of a vague discursiveness founded, it is true, on a wide range of reading, but without real penetration into concrete things and into the complex combinations of political and social forces; and so is unavailing for the wants of the present time, which demand from the philosopher practical constructive power and grasp; the only effect being to give to those who have lost all regard for Philosophy another occasion to blaspheme. Here, for example, is a passage in which Mr.

Kidd sums up in italics the principle which, among the most advanced peoples, is to come into operation in the future, and from it as a specimen it will be apparent how greatly the patience and intelligence of the reader are sometimes tried.

It is only within the great spaces cleared in the world-process around ideals which are in the last resort the impression of the ethical principles here enunciated, and which are held open and free in the present by an irresistible will operating in obedience to a sense of responsibility to a principle of tolerance transcending the claims of all existing interests, that the controlling meaning of the economic process can ever be permanently projected out of the present on the world-stage!

And with this I shall end. I have been severe on Mr. Kidd, I am aware, and regret sincerely the necessity for it, but at a time when so many of our best workers cannot even get a hearing, the over-puffing of laborious mediocrity which has brought a work like this to the very crest of the wave, is a scandal which ought to be abated.

## CHAPTER II.

---

### MR. WELLS AS A SOCIOLOGIST.\*

I PROPOSE in this paper to make a short commentary and criticism on Mr. Wells's *A Modern Utopia*, that pleasing imaginative excursion into the future of politics and society, presented by him in recent numbers of this REVIEW, and now re-published in more permanent form as a book.<sup>1</sup> But as my space is limited I shall be obliged to confine myself almost entirely to the claim which he himself makes on its behalf as a serious contribution to the science of Sociology, both in its methods and in its subject-matter. Now, although I have read the book with genuine pleasure as an imaginative construction of the kind with which his other works have familiarised us, I confess I was somewhat surprised when I gathered from an article by Mr. Wells that he had intended his work to be taken much more seriously; and especially when I ascertained that its design was not so much to supplement as to actually supplant, both in its method and its results, the works not only of the founders of Sociology, but of the entire line of their legitimate successors down to the present time. The method of Comte and Herbert Spencer of founding conclusions as to the future of Society mainly on generalisations of the ways and means by which it has advanced in the past, he characterises as a delusion, and declares that the proper and

\* *Fortnightly Review*, Sept. 1905.

(1) *A Modern Utopia*, by H. G. Wells. (Chapman and Hall, 1905).

distinctive method of Sociology, on the contrary, "its very backbone," in short, "is the creation of Utopias and their exhaustive criticism"; and further, that the existing political and social world is to be measured by the standard of these Utopian ideals, and not *vice versâ*. And accordingly we find that this is precisely what Mr. Wells has done in his *A Modern Utopia*. He has given us his personal version of the social ideals of the future, has elaborated his picture, after the manner of the novelist, with profuse descriptive details, conversations, didactic dissertations, and the like, all rich and seemingly life-like in their imaginative setting; and has held up the whole before us as a model or standard to which not only existing society but Sociology itself, and the past and present generations of its exponents, are to be brought for judgment. What, then, we ask, are the particulars of this Utopia? Roughly, they are the following:—The whole world is to be a single State, with all national boundaries obliterated or abolished, a synthesis of all the races, tribes, and nations existing on the earth, all speaking the same language, all like friends and brothers, at peace with each other—European, Negro, Mongolian, Semite—and all freely marrying and intermarrying as they choose. He tells us, further, that the political power of this vast confederacy is to centre in an order of men called the Samurai, who are to be the only administrators, officials, and voters in his World-State, an order closed to mere wealth, but freely open to all who by their intellect, virtue, heroism, and self-restraint, are deemed worthy of it. He further explains that this World-State is to be the sole land-owner, as well as the owner of all natural sources of supply whatever—food, fuel, electricity, wood, water, and the like,—except what it delegates to local governments and municipalities, who hold of it as of a feudal superior, and who let these out in turn to individuals to carry out what experiments or industrial plans they please, in perfect freedom; the State meanwhile, in the persons of the Samurai, looking on and

making a ring, as it were, for the best players in this game of industry and of life, to fight it out in; the winners being rewarded, not with wealth mainly (for most of that reverts to the State), but with positions of dignity and honour. He goes on to tell us, too, that in his World-State units of physical energy will be the medium of exchange instead of coin, units of electrical energy chiefly, in which all accounts will be kept; and that as employment will naturally flow from place to place according to where the supply of energy is the cheapest, the price of this energy will tend to be always uniform, and not to vary in value as gold and silver do when they are either too plentiful or too scarce. Again, disputes between employer and employed are to be referred to conferences between the representatives of each, at which a minimum wage will be fixed, although individuals will be allowed to make special bargains for themselves above that rate; while the State will make itself the reserve employer, and will undertake to transport the workmen from one part of the world to another as they are wanted. As for the criminals, habitual drunkards, and ne'er-do-weels, they are to be segregated and shipped as exiles to islands in the outer seas, the State taking the necessary means to prevent either them or the incompetent and useless citizens from having children born to them. On the other hand, as the bearing of healthy children is a real service to the community, all married women having children will be kept by the State; the danger of an excess of population being carefully watched and guarded against by marriage laws; while marriage itself may be terminated by the infidelity of the wife, by drunkenness, crime, desertion, violence, or the failure of children after three or four years of married life.

Such in rough brief outline is an abstract of the ideas to which Mr. Wells has given an imaginative setting in his *A Modern Utopia*, and which with a wealth of detail, in itself quite admirable, he has painted in large letters on the walls of the world, not only for the contemplation of the merely curious,

but for the instruction of statesmen, publicists, and sociologists. Should others send in pictures differing from this of Mr. Wells in this or that particular, whether of form or essence, he will not object; for it is his special point that it is in the comparison of these personal Utopias with one another, and of existing institutions in turn with them, that the true *method* of Sociology consists. You choose from the collection the Utopia you most fancy, as you would a picture from the walls of the Academy; and when by a consensus of opinion Society has agreed on the most excellent, there is nothing to do but to set to work to realise it in the actual workaday world. But how, it will be asked? Now, it is in the answer to this question that the weak, indeed the fatal spot, in Mr. Wells's Sociology will be found. For it is distinctive of his doctrine that he will have nothing to do with the ordinary methods, the ordinary ways and means of either existing Statesmen or existing Sociologists. He expressly asserts that all inquiries concerning the expedients whereby to meet the failings and imperfections of existing institutions, although of importance to the politicians, have nothing to do with Sociology. And the reason he thinks the consideration of these ways and means is of little or no value is, that they depend on *past* experience, whereas the action of human beings cannot be depended on to follow any generalisations or laws of human nature founded on the past in the same way in which masses of matter may be depended on to follow the law of gravitation, or its particles the laws of chemical affinity. For to do this all men, he contends, would have to be as alike as two beans or grains of sand, whereas they are not so. Even two sheep are not exactly alike, nor, if it comes to that, even two atoms! And as for human beings, each man or woman is so individual, so unique a creature, that he or she cannot, he thinks, be generalised, lumped, or classified under any laws whatever drawn from the actions of human beings in the past. You never can predict what the next new man or woman you meet will do: and indeed



it has been often said that a whole three-volume novel might be written and yet not exhaust the uniqueness, the individuality, or the peculiarities of any living child of Adam! Mr. Wells admits, it is true, that if you could take men "by the thousand billion," you could generalise about them as you do about atoms; but because the human race is neither as small as a country parish, nor as innumerable as the sands of the sea, he does not see how its actions can be generalised! Now, if this were true, it is evident that the past of human history and civilisation could be of little use for our guidance in the future. But one naturally asks, would nothing less than the "thousand billion" for which Mr. Wells stipulates be sufficient for a generalisation on human beings and their actions? Would not the mankind of the present day, with its diversity of races and types, be sufficient, especially when taken with the very extensive knowledge we already have of the life and times of the past? Mr. Wells thinks that men are very much like sheep and other living things in having this individuality and uniqueness—only more so. It is true that no two sheep are quite alike when narrowly inspected, any more than any two men; but would not a single flock of sheep, or, at any rate, the relation between a few sample flocks, be sufficient to determine the laws that will regulate the actions of sheep in the future as in the past? Or would nothing less than a whole world full of sheep be sufficient for Mr. Wells? Be this as it may, however, it is certain that generalisation from human life and experience in the past is not the true method of Sociology with Mr. Wells. To give his assent to any such doctrine would have been to bring his Utopia for judgment to the bar of History, of Civilisation, of Experience; whereas what he insists on is, that generalisations from history, civilisation, or experience are to be brought for judgment before the bar of his or another's Utopia. And even if his Utopia were to prove as glorious and as perfect a creation as the millennial reign of the saints, how are you going to get men to unite to bring it to

pass, if each man is so unique a being that you can no more rely on his agreeing with his neighbour in his beliefs and ideals, than in his taste in wines or the pattern of his clothes? But soft you! for Mr. Wells has another method still in reserve, a method that will require no scheme of principles, no generalisations drawn from the Past, no constructive scheme of ways and means founded on evolution, to bridge the transition to his Utopian dream and gradually bring it to pass. It is a method much more simple, the method namely of the conjurer, the faith healer, the Hindoo mahatma and fakir. All you have to do is to hoist your Utopia on high, like the serpent in the wilderness, and get men to gaze at it until they become thoroughly hypnotised and possessed by it. This once done, the rest follows naturally and without any scheme of constructive policy, or other scientific body of ways and means for bridging the intervening stages that have to be travelled before it is reached. All you have to do is to give the order, and the old world will dislign, and the fairy Utopia will take form and substance in its place, arising like a dream out of the mist, or the love goddess from the foam of the sea.

Now, I grant you that had Mr. Wells formed his Utopia, like Mahomet his Koran, on a special revelation from Heaven; or had he, like Rousseau, been fortunate enough to catch the ears of the leaders of public opinion in a time of revolution, as in France; or had he been merely the ordinary benevolent despot with a sword in his hand, there might have been some hope for him and his Utopia; but to protest on the one hand that he is only a simple, uninspired individual repudiating the help alike of supernatural agency and the sword, and only appealing to science and reason, and yet, on the other hand, to repudiate the methods of science and reason whose very essence is to construct your future by the light of the Past, even when something new is always being added to it—this is to cut away his own standing ground. Even Rousseau could not get his Utopia except by the return to a fictitious Past, and by a vast

array of ways and means, which only failed because they were based on a false Sociology. The truth is, the construction of these model Utopias is as simple and cheap as the construction of air castles or millenniums, for they consist precisely of those combinations of things about which all people are so agreed that it is not thought necessary to mention them. We should all like, for example, to see a reign of peace on earth, with the sword beaten into a ploughshare, and all men alike, Hindoo and Hottentot, Chinaman and European, living in amity as friends and brothers, all speaking the same language, and all obeying a single code of the purest and highest laws; we should all like to see the governing classes of the world men of the highest honour, intelligence, and integrity, like the Samurai men of plain living and high thinking; we should all like to see poverty abolished, crime banished, happy homes, healthy offspring, beautiful public architecture, and the triumph everywhere of artistic mechanical inventions for the comfort and conveniences of life. But all this needs no preaching and enforcing. What is wanted is *the combinations of ways and means* by which the world is to be conducted to these ideal goals of the future—gradually and from stage to stage—combinations of Religion, of Science, of Government, of Material and Social Conditions, and the like. You may preach peace, for example, till doomsday, but with no result; but if you can only contrive to make the material powers of rival nations so nearly *equal* that the results of fighting are too uncertain to be risked, you will have struck on one of the most powerful persuaders to peace—as even old Thucydides saw. But Mr. Wells, who begins by ignoring all the ordinary ways and means derived from Science, from Evolution, and from the History of Civilisation, puts himself in the position of the dog-fancier who aims at a particular shape of head or jaw in his breed of dogs, while ignoring the scientific laws of breeding by which it is to be effected; or of the engineer who would like to span the ocean by a bridge, but ignores the difficulties

which attend it; or of the doctor who loves to contemplate the image of perfect health, but ignores the laws of the organs and functions by which it is to be reached; or of the theologian who would fix your gaze on Paradise, but without a scheme of salvation by which it is to be attained. Now, it is the aim of Sociology to help forward the realisation of Utopias like this of Mr. Wells from stage to stage, by penetration into the present world, and the working of its organised machinery—of religion, government, science, material and social conditions, and the like—combined with generalisations founded on the ways and means by which mankind has advanced in the Past. But because, when minutely scrutinised, no two men, as no two sheep, are exactly alike, but each is individual and unique, Mr. Wells has no faith in any such ways and means, and will have nothing to do with them.

And this brings us flush on the central fallacy in Mr. Wells's whole conception, and it is this, that he thinks the uniqueness and unlikeness of individuals on which he lays so much stress is a problem for the Sociologist, whereas it is really the problem of the novelist or dramatist. The problem of Sociology deals entirely with the laws of *men in the mass*, who can be predicted not to fly off at a tangent from each other, but to follow their chosen leaders as surely, if not quite as regularly, as sheep, whether it be in matters of taste, of fashion, of art, of politics, or of religion. But are not these leaders themselves to be regarded as uniques of whose future nothing can be known, the reader may ask? As individuals, yes, but as leaders or representatives of groups or classes, no: otherwise they would not have been chosen as leaders. For the office of a leader, that, indeed, for which he is chosen, is not so much to propose some new *end*, ideal, or Utopia (for usually that has already been agreed upon) as to suggest the best *ways and means* of reaching it. So long as he stands alone in the uniqueness or individuality of his genius, character, or ideals, he is not yet a real, but only a potential leader. And it is because individual great

men in their capacity as leaders, *follow* as well as *shape* the instincts and traditions of the masses whom they are privileged to guide; and because the instincts and traditions of the masses, in turn, follow the general laws of evolution proper to all living things, that a science of Sociology, basing itself on generalisations drawn from the evolution of mankind in the Past, is possible.

But as for Mr. Wells's contention that the present science of Sociology and its exponents are to be brought before the bar of Utopias like his own, or those of Rousseau and the rest, for consideration or approval, instead of his and their Utopias being brought before the bar of Sociology—the thing is as absurd as if he were to ask the present exponents of the science of Biology to stand cap-in-hand before the ancient creators of the mermaids, centaurs, and other fabulous creatures of the imagination, and do homage to them.

But it is only when we trace the component parts of his Utopian World-State to their origin, that the immeasurable complacency involved in this claim of his to bring all existing Sociology and Sociologists before it for judgment becomes apparent. For it will be found that all those parts of his scheme which are not merely modified versions of current social aspirations and dreams, have been culled from the works of those very Economists and Sociologists whom he affects to ignore; while at the same time he is careful to kick away the ladder by whose aid he reached his conclusions. His single World-State, for example, with its reign of universal peace and human brotherhood, is a part of the current social ideal; although his mixing up of all races and colours in a common promiscuity of marriage is decidedly new! That his World-State, again, should be the sole owner of the land and instruments of production is a commonplace of modern Socialism; and is defended by Socialists, be it remembered, not as the Utopia of some individual genius, thrown off at a happy venture, but as the next stage in the normal evolution of

Industry, founded on its *evolution in the past*. That the World-State exists for the free play, elevation, and expansion of individual minds, and should form a ring around them for that purpose; and that the causal and *initiating* factor in all progress (if not the controlling factor) is to be found in the *new ideals of Truth, Beauty, and Right*, inaugurated by great men like the elect of Mr. Wells's Samurai, is to be found in my *Civilisation and Progress*, published twenty years ago. That the general wealth, expressed by units of recognisable value, should take the place of coin as a measure of value, has often been broached, and was propounded to me in detailed form more than a decade ago by Mr. Perdicaris, the late captive of Raisuli the bandit of Morocco; and a similar idea, placed on a mathematical basis of ideal units, is to be found in Mr. Kitson's book on the *Money Problem*, dating from Mr. Bryan's candidature for the American Presidency. As for Mr. Wells's miscellaneous proposals, as, for example, the restraints on population by marriage laws; the dissolution of marriage itself for drunkenness, crime, violence, or the failure to have children, the establishment of State bureaus for the employment of out-of-works, and for distributing and transporting labour from the points where it is congested to those where it is wanted; disputes between employers and employed referred to conferences between the representatives of each; the restriction of voting power to those who can show they have earned the privilege by character and ability; the segregation of criminals, and the like—all these have been so worked into the very texture of current sociological literature in books, magazine articles, and contributions to the Press, that it would be invidious to attempt to assign them to any particular authors.

And this brings us to Mr. Wells's most important claim on behalf of his Utopia, which is that whereas all former Utopias, like those of Plato, More, Harrington, Rousseau, and the rest, were fixed and rigid arrangements cut out of the moving progressive world, and protected by walls, or by the seclusion

of mountain glens and the like, complete in themselves, and exempt from all progress, change, or decay, his Utopia, on the contrary, is a progressive one, changing and evolving with the years, and with the changing material and scientific conditions of the world: that, in short, it is a dynamical self-evolving construction he has given us, and not a stereotyped, immobile, and statical one.

Now, if this were true, it is evident that Mr. Wells would have given us the body of principles on which this evolution would proceed, as Comte, for example, did when he based his conception of the future of Western Europe (which Mr. Wells, be it remembered, thinks is Comte's great contribution to Sociology) on generalisations drawn from the evolution of Society in the past, but adapted to new conditions. But this, as we have seen, is precisely what Mr. Wells has refused to do, on the ground that it is not the proper method of Sociology, for the reasons we have seen.

The truth is, this Utopia of Mr. Wells is a purely personal imagination of its author, founded, like any other millennial dream, on what he personally would like to see realised; its details culled, like an artistic bouquet, from existing sociology, political economy, and politics, but with no scheme of operative causes by which it is to be realised, except that new men in the future will have new ideas as they have always had in the past; and that these new ideas will fight each other until the strongest prevail, the Samurai guarding the ring, and seeing fair play done: a proposition as true but as barren as that so long as human beings are born alive they will be found kicking, and that so long as they continue to live they will continue to do or to think of something new! As for his Utopia being one with a principle of evolution in it, and not rigid and fixed like those of his predecessors,—had he embodied his ideas in an abstract discourse, they would have been seen to be as immovable and fixed as the statues of the gods around the walls of a pantheon, but by draping his figures,

after the manner of the novelist, in appropriate costume, he would lead us to believe, skilful conjurer that he is, that his Utopia is really alive and moving, with all the possibilities of evolution and progress in it. We see the intellectual, high-minded, and grave Sanurui moving calmly about in their white cloaks with purple borders, like old Roman senators; the women dressed after the manner of "the Italian ladies of the fifteenth century," in soft coloured stuffs, their hair platted or coiled, but without hats or bonnets, and without changes of fashion. We see the men, too, talking and acting as in life in their hours of relaxation, drinking (but in strict temperance) the soft and kindly Burgundy with their lunch, or "the tawny port three or four times, or it may be five, a year when the walnuts come round," not without good mellow whiskey in moderation, "nor upon occasion the engaging various liqueur": the line, however, being stringently drawn at ginger-ale and lemonade, and those terrible mineral waters which only fill a man "with wind and self-righteousness"! But we are not to be deceived by this show of life and colour, for having discarded all the methods, laws, and principles of evolution, we know beforehand that when once his puppets are placed in position they will be as much fixed and rooted there in their ultimate destiny as are the draped waxwork figures in the showrooms of Madame Tussaud; the only principle of movement or change in all the scheme being this:—that new men will have new ideas, and do new things, and so the world will wag as of yore.

One might pursue the matter further from other points of view, but the above, perhaps, will be sufficient for the purpose. I cannot, however, close this paper without entering a protest, in the interests of Sociology, at the tone which Mr. Wells has chosen to adopt towards the work of the Sociological Society in general, and of the past and present exponents of Sociology in particular. One would have thought that common decency and modesty would have restrained him from speaking of the



work of Comte and Herbert Spencer as that of a couple of "pseudo-scientific interlopers"; of characterising Spencer's work as "an accumulation of desiccated anthropological anecdotes that still figures importantly in current sociological work": and of Comte's great law of the Three Stages as "a smart saying passing muster when men talked metaphysics and history and nonsense after dinner." After these amenities one can have little doubt as to the kind of treatment that will be meted out to the more recent exponents of science. And accordingly we find Mr. Francis Galton's careful and important contributions to Sociology dismissed with a sneer; those of Dr. Westermarck as "entertaining anthropological gossip," while Dr. Steinmetz finds himself "in the position of Mr. Karl Baedeker scheming a tour through chaos." Mr. Kidd, too, comes in for his share of reprobation, and coupled with his name is my own, to which, however, I should not have referred were it not that I am prepared to offer Mr. Wells a challenge. After a passing contemptuous reference in general terms to our works, Mr. Kidd and I are definitely told that "no one will ever build on these writers," that "new men must begin again on the vacant site," and that "the search for an arrangement or method continues as though they were not." Now, Mr. Kidd may well be left to speak for himself, and the followers of both Comte and Spencer are sufficiently able and numerous to defend themselves or their masters from these aspersions; what I have now to say concerns my own position only. The reader may remember that in an appendix to his *Modern Utopia* Mr. Wells has added a chapter entitled the "Scepticism of the Instrument," a paper read originally before the Oxford Philosophical Society, and that in this paper he claims to have discovered a new way of focussing the intellectual instrument for the purposes of knowledge. I have not space to go into the matter here, but if priority of publication in matters intellectual gives a claim to precedence in the rights of property in ideas, I may be permitted to remind him that

the substance of the positions he has taken up is to be found in my first essay, "God or Force?" written more than a quarter of a century ago, and in my essay on "Herbert Spencer" a year or two later, and both republished in my *Religion of the Future*. But the challenge I wish to make Mr. Wells is in reference to his *A Modern Utopia*, and it is this:—Barring the drapery that is proper to the novelist, let him put his finger on any single sociological idea or principle of the first rank in its range and scope in his book, or synthesis of ideas or principles, whether in reference to the Samurai, to the economics of Utopia, the relation of the sexes in Utopia, the treatment of the vicious and of the failures, the restraint on population, or, indeed, on any other division of the great sociological problem (with the exception, perhaps, of the mixture of races in unfettered marriage promiscuity) that is not to be found in the works of one or other of the acknowledged Sociologists and Economists, and published years in advance of his own book, and I, for one, will willingly concede his claim to have advanced by his work, *A Modern Utopia*, the science of Sociology, but not till then. If he shall succeed in doing this, we can then return afresh to the discussion of his main contention, which is, that the proper and distinctive method of Sociology, and, indeed, its very backbone, is "the creation of Utopias and their exhaustive criticism."

Since the above article was written, a work of great scope and compass on the subject of Civilisation and Sociology has appeared from the pen of Herr Houston Chamberlain, entitled, "The Foundations of the XIXth Century." It has only recently been translated into English, but I have thought it right to mention it here, for the purpose merely of emphasizing the fact that, whatever its other merits may be, and to me they are great and various, it still remains largely academical in character; and however true, both in detail and in the large, its doctrines may be, there is little or nothing in them that can be utilized for purposes of Practical Politics;—and this for the simple reason that, like the pious aspirations of Mr. Kidd, or the gorgeous Utopia of Mr. Wells, they tell us only of what Civilization has to aim at, but not of *how* we are to realize that aim. The book, in short, is a brilliant and laboured demonstration of the obvious fact that the best races of mankind, like the best breeds of animals, will win in the struggle for existence, and that it is to the best and purest of these races that the future

of Civilization must be confided. But the question of how you are to breed these races, or others better still, receives from Herr Chamberlain no answer; and all he has to suggest is, that we should keep the best of the existing races free from admixture, and up to their existing standard of purity, and after weeding out and extruding from the fold all alien and mongrel elements, leave the result to Nature, Providence, or Fate. He gives us, it is true, excellent analytical dissections and summaries of the merits and defects of the existing races—Jews, Chinese, Hindoos, Gerinans, Anglo-Saxons, and the rest,—and points out clearly the mental and moral elements in which they are respectively strong or weak, whether as regards their Science, their Civilization, or their Culture, but he seems to have forgotten that Sociology, if it is to be a live Science, and one applicable to Practical Politics, must be more than a mere inventory and catalogue of the mental attributes of races, or a comparison of the relative values of these races, and must teach us, say, how, as in the breeding of animals, out of a mongrel race we can make a great nation,—as the Romans out of a small tribe made a great Empire. And this, it is to be observed, is a question rather of how we are to handle the *minds* of the individuals of a race through their system of *beliefs*, than, as Herr Chamberlain would have it, of operating directly on the race itself by exclusions or expatriations. Human nature being in essence identical everywhere, Civilization or Progress is, therefore, a problem not of the *race* to which an individual belongs, but of the system of *beliefs*—religious, scientific, and political,—into which he can be indoctrinated, as is seen in the recent conversion of the Japanese to Western ideas;—and this requires a knowledge of how Religion, Science, Government, and Material and Social Conditions generally are related to each other by definite laws; so that when any one or more of these factors of Civilization becomes a stumbling block to farther advance, we may know precisely at what point or points to plant our leverage, the better to realize our aims. In a word, it is a question ultimately of standardizing the *minds* of individuals through their knowledge and beliefs, rather than of standardizing their bodies merely, through Eugenics—all important as this is; and how to do it depends on a knowledge of the laws of Sociology, not of Race Biology.

Otherwise, Herr Chamberlain's book, both as a whole and in detail, has been to me in every way an unfailing delight; and no reader can rise from it, I venture to say, without stimulus, instruction, and profit.

## CHAPTER III.

---

### A SOCIOLOGICAL SYMPOSIUM.\*

**B**BROADLY speaking, Sociology may be defined as the Science of General Civilisation, or of civilisation in general, and before it can have a definite status of its own, and the specialisms that fall under it can be worked with advantage, its function in relation to these specialisms must be clearly determined. In my judgment, Sociology performs a double function in reference to these specialisms, at once a *controlling* and a *receptive* function—a controlling function, inasmuch as it is to it that we must look for the general laws and principles which are to guide the specialisms in arranging and distributing the material with which they severally deal; a receptive function, inasmuch as it must be continually perfecting these laws in their application to detail by the reports of fresh facts that are being constantly sent up to it by these specialisms. Its function may be compared to that of the brain, which, while controlling and co-ordinating the action of the different organs of the body, is in turn affected by them; or to the central government of a country, which, while guiding and controlling the action of the various provinces and municipalities, is in turn modified in its action by them. In other words, while Sociology is *distinct* from the specialisms, it is not *separable* from them, while *in and among* them, as it were, it is not *of*

\* Sociological Papers, 1904

them. For its laws, although mingling in all the work of these specialisms, are not drawn *from* the specialisms, but, on the contrary, have to be introduced *into* them as a seminal principle before they can become fruitful and effective. And it is here that I differ from Professor Durkheim, who appears to think that the laws of Sociology are to be got only by generalisations *from* the specialisms, for whose reports in consequence they have to wait, as we have to wait for the milk before we can skim off the cream. I contend, on the contrary, that just as the laws of Psychology, although bound up with physiological processes, and in their action affected by them, require a separate method for their discovery, *viz.*, that of *introspection*; so Sociology, although not to be separated from the specialisms dealing with human evolution, draws its laws from other quarters, *viz.*, from *psychological penetration*, from *insight into the world of to-day*, and *the relation of its institutions to the human mind*. For example, the effect of Slavery on the mind and character of both master and slave is to be determined by direct penetration and insight into the condition of slavery as it exists around us. Once discovered, it can be reduced to a definite law which will hold good for any time or place in the world's history, and so belongs to Sociology as a science; but whether, and to what extent, at any given time or place slavery would work beneficially or the reverse in comparison with alternative organisations of society is a question of the *collateral conditions*, and must wait for its solution until the reports of the specialisms dealing with the details of the country or period in question are sent in. While, therefore, I agree with Professor Durkheim that Sociology must keep in touch with all the facts disinterred by the historical specialisms—Ethics, Psychology, Politics, Political Economy, Anthropology, Folklore, Social Statistics, etc.; while I also agree that these specialisms have now found the right road on their own account—*viz.*, the method of history, comparative study, and evolution, as distinct from the old theological or metaphysical

methods, I disagree with him in his belief that Sociology has to wait for the specialisms to come up, and then to extract its laws from them by skimming them off as generalisations. On the contrary, I hold that the laws of Sociology have to be determined in the first instance quite apart from the historical specialisms, *viz.*, by general insight and penetration into social life around us—by philosophical speculation, in a word,—and then projected into the specialisms: the entire process being first the discovery of the laws in a crude general way, then these laws to be carried with us as a lamp wherewith to ransack and illuminate the garret of the specialisms; the new facts discovered forming an ever increasing aureole of lesser laws surrounding the major ones, and giving a more delicate, scientific shading to their original bareness and crudity,—and so on

And this leads us to ask, What are the elements which these Laws of Sociology when discovered are supposed to connect and weave into a unity? The answer is, certain great general factors which are common to every age and condition of the world, and which, like the x, y, and z's of algebra, resume them and sum them up—such as Religion, Government, Philosophy, Science, Physical Conditions, Material and Social Conditions, and the like. And the first problem of Sociology is to determine what these are, both in number and character—neither lumping together those that have a separate sphere of operation nor separating those that can be handled as one. (I may say in passing that I have myself been in the habit of using all of those just mentioned.) When these factors are determined, we then have to find the laws of their connexion and how they act and interact on each other; and this, as I have said, cannot be got arithmetically, as it were, by *generalisations* from the concrete facts supplied by the specialisms, but only by *direct penetration and psychological insight*—as in a calculus, where certain abstract factors have to be determined as functions of others, varying directly

or indirectly with them, and united with them by certain laws. If, then, we ask how Sociology stands at the present time in reference to all this, we may say that there are some half-a-dozen competing systems in the field which differ from each other either in the number of factors with which they operate, the way in which these factors are connected, or in both; but as to which, if any, of these is the true system has scarcely yet been debated, much less settled. Buckle, for example, operates with two factors, *viz.*, Physical Science and Physical Geography, or practically with one only, Physical Science; making the progress not only of knowledge but of Civilisation in general depend entirely on this, and wiping out at a stroke Religion, Government, Philosophy and Literature, as mere obstructions: lumping them all together in a kind of outer darkness, as in a picture by Rembrandt, with no determined relations at all beyond the merely negative one of doing more harm than good! Carlyle, too, selects a single factor as all-important, *viz.*, the *moral force of individuals, of heroes and great men*, degrading all the other factors of Philosophy, of Science, and the organised machinery of Religion and Government, as well as the Material and Social Conditions of men and nations, into better or worse appendages merely; and leaving their positive functions a mere blank, without attempt at scientific determination or co-ordination. Hegel, again, in his "Philosophy of History," also settles on one factor as all-important, in his case that of *philosophical concepts or categories*; figuring all the other factors as being dragged along in the train of these by a chain of logical necessity, as if they were a kind of baggage; as if men could act in this world from no motives but philosophical conceptions alone. These three sociologists may be called the specialists of *principles*, in the same way that the ordinary specialists are specialists of *facts*; and fall, therefore, under Professor Durkheim's censure of those who would interpret all social phenomena in terms of one specialism; as of Political Economy, or of the *religious*

interpretation of history, or what not. Comte, on the other hand, deals with nearly all the factors I have mentioned, but while he draws, in my judgment, the true law of relationship between Religion and Physical Science, he fails, I think—owing to his confusing of concomitants with causes, and putting causes for effects—to give proper weight to the Material and Social Conditions of men and nations, or else he leaves their relationships confused. But this is, of course, only an opinion of my own, on which I have no right to dogmatise, and is a proper subject for the discussion of a sociological society. And now for Herbert Spencer—what shall we say of his work? His position is somewhat peculiar; and here I am obliged again to differ from Professor Durkheim, who seems to think that Spencer by positing the differentiation of social types helped to rectify the general conceptions of the Comtist sociology. In my judgment, on the contrary, Spencer has done nothing whatever towards establishing a science of Sociology in the true sense of the term, as we have above defined it. For if we consider it, the single law of Sociology under which he worked was that of *Evolution in general*; and as that is common alike to the organisation of the planets and stars and the growth from the egg of the chick, it is too general for human purposes. The fact that societies in their progress through the ages, like everything else, split and differentiate, passing from a homogeneous to a heterogeneous condition, and integrating while they differentiate, is rather a statement of *facts*, and a careful sorting of them under the general law of evolution, than a compend of *laws* connecting the definite social factors of religion, government, science, material and social conditions, etc. However true, therefore, it may be, it cannot fulfil the function of a Science of Sociology, whereby one or more elements or factors of a society being given, others may be in a measure anticipated or predicted—the only true test of a science. What Spencer really accomplished was rather excellent pieces of special work, such as, for example,



his tracing of the different stages passed through in the evolution of the conception of God, or the gods, and of morality, among savage and civilised races; but all this, original and suggestive as it was, like everything else of his, formed rather the material on which a science of Sociology could operate, than any part of the science itself.

The above were among the main attempts that had been made to establish a science of Sociology when I first entered on the study of it, some quarter of a century ago. Of my own small contribution to the subject it would be unbecoming in me to say anything, but I may, perhaps, be permitted to express my entire agreement with Mr. Branford in what he states to be the task imposed on the sociologist at the outset. He lays it down that the sociologist must (1) construct a reasoned account of the existing phase of that interaction of the sciences and of the arts which we call contemporary civilisation, (2) that he must reconstruct the corresponding phases which historically have preceded and developed the contemporary phase, and (3) that he must work out ideals of more ordered development for the future. Now, these, if I may venture to say so, are precisely the problems which I have myself attempted to work out—the first in my “Civilisation and Progress,” the second in the first volume of my “History of Intellectual Development,” to be continued in the second volume, and the third in the third volume of that work.

And if, in conclusion, I may be permitted to say a word in reference to the tasks that lie before a young Sociological Society, it would be this: that just as when Darwin announced his law of Evolution, botanists, geologists, palæontologists, and zoologists with one accord laid down for awhile their hammers and scalpels, their microscopes and lenses, to take part in the fray, until it was once for all settled whether the law of Natural Selection and its corollaries was the law under which they were in future to work; so before the specialisms connected with the Evolution of Man and his Civilisation can

become fruitful and effective, they must pause for a time and give themselves up to determining under what system of Sociology they are to work—whether under one or another of those I have mentioned, or under none of them, but under some other more true and complete which has yet to see the light. Until this is done, the *specialisms* of History, Psychology, Ethics, Religion, Political Economy, etc., must one and all continue to wander in the dark, wasting much of their time, and laboriously losing their way.

## CHAPTER IV.

---

### RACE, COLOUR, AND CREED.\*

---

#### A PREDICTION.

---

**I**N this article I desire to raise for the consideration of the reader a single political issue, but one which I believe to be of the very greatest political importance at the present time, in view of possible forthcoming contingencies, inasmuch as the opposition of principles involved in it has barely as yet reached the threshold of serious political discussion.

It bears on things so apparently wide apart as the new Constitution for Turkey on the one hand, and the negro riots in America on the other, but may be summed up in the one general question, viz., as to the amount of weight to be attached to all attempts (for whatever reason) *to mix antagonistic races, colours, creeds, and codes of social morality on the same area of political soil.*

The general opinion of the world, as we know, is that these mixtures may be safely permitted, provided always that the Government in power will see to it that strict *justice* is done alike to all the races and creeds concerned, without fear or favour. This was the general opinion in America before the war, when she freed the slaves and gave them all the legal

\* *Daily Mail*, 1908.

rights and privileges of citizens; but the experiment, it is now generally admitted, has, with the best intentions, been a failure.

President Roosevelt, it is true, still clings to the belief with a noble and disinterested tenacity, and when he entered on the Presidency was determined that it should have yet another trial, but he got no further, it will be remembered, than the tentative experiment of inviting the high-minded and intelligent negro, Mr. Booker Washington, to his dinner table. Even this harmless courtesy raised such a din and outcry both in the North and South as almost to drown the voice of Justice herself; and I doubt not that had he proceeded further in the way of definite political action on behalf of the negroes, the lynchings would have gone on in even greater numbers than before. And yet his is still the opinion of most of the high-minded people in the world to-day—with the exception, perhaps, of our Colonists, by whom the question is debated largely on grounds special and peculiar to themselves.

Now, what I venture to affirm on the contrary is, that of all the political curses which can befall a nation, this mixing of inherently antagonistic races, colours, creeds, and codes of morality, is the one which, when once it has been allowed (it matters not for what reason), is of all political complications the most irremediable by any and every known instrument for the uplifting of mankind—whether by the exhortations of the Pulpit or Press, by Legislation, by the Good Will of all concerned, or even (if the races are any way evenly matched) by Physical Force itself, short of a war of extermination—as, indeed, the negro problem in America, the Jewish problem on the Continent, the mixture of races and creeds in Austria-Hungary, in the Balkans, in Ireland, and in India, bear only too eloquent and despairing witness.

And the reason is as simple as it is deep and universal, and may be put in a nutshell—namely, that the pure white of Justice, which is believed to be the remedy for all political evils, will be stained and degraded by the impure colours of the mix-

tures into which it has to plunge and dye its hand, long *before* these mixtures will admit of justice being applied to them; and, further, that the higher moral code of nations, instead of being raised by the attempt to apply it, will, during the progress of the experiment, become more and more degraded, until it descends, with its lynchings and homicides in its train, to the level of barbarism again. My contention, in other words, is that the application of pure justice to these mixtures can never get a foothold at all, but will be blocked at every turn from the start; and that to imagine or expect otherwise is of all delusions and utopias the most hopeless—besides being fraught with the most terrible consequences to the posterity of any and every nation that embarks on it.

And now for the application of this principle to the new Constitution for Turkey. The world in general, as was natural, was lost in amazement when it learnt that the Turk, of all persons, had suddenly taken to embracing and falling, weeping for joy, on the necks of the Christians at the prospect of the new era of liberty, fraternity, and equality that was opened up before them—and no wonder. But the curious fact is that the world is waiting in an attitude of hope and expectancy, and with quite an open mind, in regard to it; as if, perchance, it were an even balance of probabilities whether the experiment might not be a success and work out all right after all.

Now, I confess I have personally no hesitation whatever in predicting the result, and it is precisely because the matter is in this embryonic weeping and embracing stage that I am venturing to record my opinion, with the view of testing the principle before time and the event shall have decided the matter for us. What I propose, then, is personally to take all chances and odds on the issue, without any reservations whatever—whether the Constitution proves to be a good or a bad one, whether it gets fair play or not, whether the Sultan proves recreant or not, or whether justice is done to all the races and creeds concerned or not—and to predict unhesitatingly that,

when once the Constitution is fully framed, it will not have settled down to practical political business for a year before either the mixed races or the mixed creeds, or both together, will be at each other's throats again, literally or metaphorically, as before. Indeed, I should as soon think of standing waiting and wondering and hesitating as to whether oil and water would really amalgamate if I shook them up until they formed for the moment a homogeneous mixture, as I should in the case of this new Constitution for Turkey.

Now, should I prove wrong in this forecast, I will gladly admit that my studies of Civilisation will have proved themselves false and useless, and will all have to be thrown into the melting-pot again. Should I prove right, on the contrary, it may be permitted to indulge the hope that, as the past admixtures of races cannot now be reversed, the nations (with an object-lesson like this experiment of Turkey before them) will never again hear the very mention of any suggestion for the mixing of antagonistic races, colours, or creeds, on their own soils, without a shudder; as knowing well that until the Millennium comes, there is no political complication which will more surely act as a direct incentive to murder, anarchy, and every form of moral degradation, than these unblest and thrice-accursed unions. The whole scheme of Nature goes dead against them, and all history is strewn with the ruins of the nations that have either knowingly encouraged, or unwillingly have been forced to submit to them.

It may be interesting, therefore, to indicate briefly what I believe to be the fallacies, both in the minds of Statesmen and of the public in general, which cause them to attach so little importance (say 10 per cent.) to the *mixing of the races*, and so much (say 90 per cent.) to the *economic advantages* of the importation of their cheap labour; as distinct from the 90 per cent. which I venture to think should be attached to the dangers of the importation, and only 10 per cent. to all other considerations whatever, economic, political, or philanthropic.

The first lies in the fact that the attempt to do it runs athwart the entire genius and scheme of Nature, whose aim everywhere is to keep the different varieties of the same species of animals *apart*, and not to run them together. It is true that animals of every kind—mammals, birds, reptiles, insects, etc.—can co-exist on the *same* area of soil, and find their living and well-being there, with just so much balance kept between their numbers as the 'wild justice' of Nature permits. But this, it is to be observed, never holds between *varieties* of the *same* species of animals, of which the different races of mankind are only another example; for then there is nothing for it but a 'fight to the finish,' until one or other of these varieties is exterminated or driven from the field. A Government might just as well say, "Go to! we must try and rectify the injustice and inequality of Nature whereby a single bull in a herd of a particular breed is permitted to drive out all its poorer and weaker rivals of other breeds equally good, by allowing to each and all of them indifferently within the *same* enclosed field an equal number of cows," as to attempt to realize a civic and social justice and equality among a motley admixture of human races of different colours, traditions, and codes of morality, on the same area of soil. It can only be done by keeping these races *apart* in their respective countries; precisely as justice, or equality, to all the bulls can only be done by keeping them with their equal contingent of cows in separate fields. (Otherwise, what will be the result? Why this (and it is the pathos of the whole situation), that the very end for which all good men are striving, namely, to do justice and mercy to all poor human souls of whatever race, or colour, or creed, will be damned by the very *means* which are being taken to effect it. For, as the mixture of negroes and whites in America bears witness, instead of getting that high ideal of justice which is the flower of civilization, you will get—what? Lynching, or a return to that lowest form of justice which is proper to barbarism; and so the work of the ages will all have to be done over again from

the bottom upwards. The mere presence of alien races and colours in sufficient numbers on the same area is enough to work its damning effects even without intermarriage, the vote, or social promiscuity. For just as the pigeon-fanciers tell us that you can spoil a particular strain by keeping other breeds alongside of it, even when there is no intermixture in the mating; so all we should have to do in England, for example, would be, as I said in another article, to admit a sufficient number of Kaffirs into the country to do menial or unskilled labour, and a sufficient number of Chinese or Japanese to do the more refined and skilled forms, when it could safely be predicted that, within a generation, hardly a self-respecting Englishman, short of starvation, would be found to do a stroke of menial labour for love or money—as was seen in the Southern States of America before the war, and as we see, in a way, in the South Africa of to-day. And if respect for honest labour is recognised by all as an indispensable preliminary to social justice and equality, and to the best well-being of States, would not this be a fine stultification of our end by the very means with which we are seeking to effect it?

The root-fallacy of it all lies, as I have had so often to repeat, in not perceiving that Justice is not an unlimited bank credit which can be brought down from Heaven and drawn on like divine grace to its full amount at any time, but is in each and every age of the world, and as a matter of actual concrete fact, strictly limited by the material and social *conditions* of the time; as on a chess-board, where the prospects of the game are determined at each point by the relative positions of the pieces on the board, and not by the mere goodwill of the players; so that if you have whites, negroes, Chinese, Mahomedans, and Hindoos confronting one another in the street, and spitting in each other's faces as they pass, the amount of social justice that either gods or men can get out of such a relationship will quickly be discovered to differ *totum in celum* from what can be got without effort or strife from the



simple relations of fellow-citizens of the *same* blood, colour, religion, and code of social morality on the *same* area of political soil. And just as the properties of a chemical compound, whether of prussic acid or our ordinary food, will depend on how you arrange, by bringing together or keeping apart, the *same* chemical elements common to both; so the character and quality of the justice and the social morality you can get out of men will depend on whether you mix the different races, or keep them apart, on the *same* areas of soil.

And after all, with the history of the world behind us, what is the point of this determined, and in the end accursed attempt at mixing these different races on the *same* areas? The age of colossal mushroom empires made up of every variety of admixture of races and colours went out with the Roman rule; and from that time to this, the evolution of Civilization has made steadily in the direction of separating out men of the *same* race, colour, social and moral codes, and in consolidating them and keeping them apart as separate nationalities. Why, then, this anxiety to introduce the old complications again? We are not now living in the time when it was necessary to import Flemish weavers and Huguenot artisans to teach us new arts and crafts; all this can now be done by the simple process of sending our own men abroad to learn them; and as to the importation of sweated alien tailors and the refuse of continental Europe into the very capital of our empire—the thing is monstrous. I scarcely ever take up my morning paper without expecting to hear of the beginnings of an outbreak between the inhabitants of the East End of London and the aliens who are being permitted to swarm in and drive them from their homes. If, then, statesmanship consists not so much in knowing that each separate factor of a political complication has this or that tendency, good or bad (for this all men know in a way), but in knowing on which of the complex factors at any given time the weight and emphasis are to be laid; then, if, as I contend,

90 per cent. of weight is to be attached to the necessity of preventing the admixture of races on the same areas, and only 10 per cent. to all other benefits whatsoever—political, philanthropic, economic,—the attempt to reverse this order of importance, as is done practically by Statesmen everywhere at the present time (there is a rumour that even Germany is thinking of importing Asiatics), will be, in my judgment, to try and make the pyramids of the nations stand and march on their apices, and with nothing but disaster and ruin in the wind—either the danger of colossal wars at any moment, or the degradation of the morals of men to those of barbarism—and however great and creditable this may be to the heart of the world, it would be a disgrace to its intelligence; the moral of it all being, for Statesmen especially, to beware of *abstract political pre-suppositions and formulæ*, unless they are rooted and grounded in History and in the Evolution of Civilization.

## II.

In returning to this important question of the mixing of antagonistic races, colours, and creeds on the same area of political soil, I am glad to take this opportunity of replying to one or two of the many correspondents who have been good enough to favour me with their criticisms.

“W. M.” in *The Daily Mail* did not definitely deny my position, but, flinging Herbert Spencer at my head, asked me to beware lest I should have omitted some factor which will make all the difference in the result, and so quite falsify my prediction in reference to Turkey.

In reply I would beg to remind him that Spencer, whose life was spent, among other things, in preaching the doctrine that so long as you let each and every species of animal mixture—fish, flesh, fowl, or man—hang like the proverbial herring resolutely “by its own head” and carve out its own destiny for itself without fear or favour, you will find that you will have eternal justice on your side at last; even Spencer, I say, when

asked semi-officially by the Japanese whether in his opinion it was wise for them to allow foreigners to come into their country to mix freely as citizens with themselves, was obliged to answer: "By all the gods, no, if you wish to meet with the least resistance, not the greatest, in following out your own appointed destiny."

Indeed, in all these instances Nature herself gives us the cue; for not only do different species when crossed lead to sterility, but different *varieties* of the same species when sufficiently divergent are prevented from interbreeding by a sexual or physiological selection which bars their inclination to unite; and to this the natural aversion from intermarriage of races so distinct as Negroes, Mongols, Red Indians, and Europeans is a sufficient parallel.

And this leads me to the objection of my next critic, who asks me triumphantly whether the admixture of our own ancestors—Romans, Saxons, Danes, Normans, and Celts—has not been a success? Of course; but then these peoples all belong to the *same* Indo-European stock, and, as we see, freely intermarry when not barred by the definite injunctions and penalties of antagonistic religious creeds. The admixture was a pure good for the race, especially the admixture of Celt and Saxon—than which nothing could have been more felicitous. Nature herself has sanctioned and blessed them; just as she has done concerning that custom in savage tribes descended from the same original stock, whereby marriage *outside* the bounds of their own particular tribe, is not only encouraged but enforced.

But, if my critic asks me, even here, whether our admixture of Celts and Saxons and Danes made for human *happiness* while it was "shaking down" and being consolidated, I would point him to the massacres, the burnings, and the exterminations of race by race at the time of the Heptarchy and after the Norman Conquest, as well as to the centuries of bloody wars needed to bring Scotland, and even gallant little Wales, into the peaceful political union of the present day. Besides,

these were the ages of warfare, as necessary in their time for evolution and the progress of civilisation as our present age of relative peace—as the consolidations of the Babylonian, Assyrian, Græco-Macedonian and Roman Empires have given proof. And it must be remembered that these consolidations were imposed on the conglomerate of races by pure physical force, and not, as in the proposed Constitution of Turkey, by sentiment, goodwill, and, of all things, representative institutions!

The truth is, we have now entered on a new era in World History, and one *essentially* of peace, but still with certain outstanding possibilities of war at disputed points studded round its circumference—possibilities the results of difficulties at once so trivial, imaginary, and unreal, that if men were only decently reasonable creatures, they could be solved by a Hague Conference to-morrow. And yet, when we remember that men are still three-fourths animal, these difficulties are at the same time so real to this brute creature, Man, that no mere soft-soap lather of humanitarian sentimentalism whitewashed over them all—as in the case of the Turks weeping on the necks of Christians—will avail to touch them one jot.

But it is precisely this belief in a new era of peace and good will for the world which has made all these separate races and colours and creeds of mankind long each for a political home of its own wherein to set up for itself, as private households do. And, indeed, were these nations pure and unmixed, I believe that it might be done to-morrow, but where they are inextricably mixed and confounded, and in antagonisms as deep as those of Turkey, they will, I fear, have to sit by the waters of Babylon and weep and long for many a weary day before their ideals are realised. Even for a tolerable existence together, as in the case of ill-assorted marriage unions under the existing laws, there are in my judgment only four alternatives open to them, and these all bad, or difficult, or obnoxious.

In the first place, they must either be kept down by *physical*

force exerted over them by one or other of the races that have succeeded in gaining the mastery over the rest ; or by pressure exerted over them from the *outside*, as in the various proposed conferences of European Powers.

The second alternative is that wholesale *religious conversion* should take place on a great scale, as in the Roman Empire, where Greeks, Orientals, and Western Barbarians—Pagans, Druids, Sun - worshippers, Serpent - worshippers, Nature-worshippers, etc.—were all alike swept into the Christian net ; and especially where whole tribes and nations of them were converted in batches in a day by a nod from their respective chieftains or kings, as in England, France, and Germany ; but all alike, while the process of conversion was going on, held together in an enforced peace by the physical force of the dominant power as before.

But the third and most important point of all is, whether these races, when they have once been given their freedom under a constitutional Government, will *intermarry* or not. If they will, then there are abundant reasons for hoping that they will peacefully amalgamate. If they will not, there is not merely no hope for them, but the mere fact that they have now got a constitutional Government where each race can make such political and social arrangements for itself as seem good to it, will inflame their innate antagonisms and animosities ten-fold more than when they were kept down. And with what result ? This, that they will again begin fighting until one or other of the races obtains the mastery, and holds the rest down by force ; and then again we shall see the same old weary round of despotism, persecution, and massacre, as before.

But this matter of the willingness or not of antagonistic races to intermarry, when not prevented by religion or the laws of the state is, besides, in cases of difficulty, one of the *best* touchstones as to whether the particular races are essentially too wide apart for Nature to sanction them or not. If the repulsion is too great, as between whites and negroes and

Mongols, it is a sign, like the aversion of the very young from marriage with the old, that the deep instincts of Nature are of greater validity than the mere temporary expediences of limited human reason, and cannot be neglected with impunity.

The fourth and last condition which may at least help in the direction of amalgamating mixed races on the same political soil is, that each should be kept as far as possible *separate* and to itself on its own particular area—as the Catholic French Canadians are in Canada, the Saxon Protestants and Catholic Celts in Ireland, and, to a certain extent, the Germans, the Magyars, and Slavs in the Austro-Hungarian Empire; and so on. But even in these instances the great difficulty in keeping the peace between them is so well known as to need no comment of mine. And now that in this age of peaceful constitutional Governments each people, like the violet in the clefts of Alpine snows striving to raise its tender petals to the light, is seeking to become free, the difficulty of keeping even *closely allied* races together in a political union can nowhere be better seen than in the recent instance of Norway and Sweden. Here are a couple of peoples as alike in race, colour, creed, and codes of morality as Siamese twins, and yet from some shadow of imagined slight of one by the other—the one being democratic in sentiment, the other aristocratic—they have agreed to separate, and to set up private political establishments of their own!

If this can be done in the green tree what can we expect in the dry, where, as in the Turkey of to-day, the antagonisms of race, colour, and creed are at once so colossal, so deep-rooted, so all-pervading, and so inflamed by centuries of despotism and persecution?

---

## CHAPTER V.

---

### A NOTE ON RACE DEGENERATION.\*

AS regards the problem of Race Degeneration, I may admit at once that in Great Britain the race, if not essentially degenerating, is at least not as sound as it ought to be with the knowledge at our disposal—and that owing to our neglect to apply the known laws of disease, and especially those aspects of it which are concerned with heredity. And by this I would imply that disease and racial degeneration are primarily not *biological* in character, but *sociological*; are not inherent in the race as such, but have been bred in it *ad hoc*, as it were, from day to day by this neglect to apply the most admittedly elementary knowledge of disease. Indeed, had race degeneration been mainly biological, that is to say, due to Nature herself (instead of to sociological causes—the work of Man), she would have made short work of these degenerates as they arose—the idiotic, the insane, the paralytic, the syphilitic, the rickety, and the rest—and would not now have had to confront this knee-deep accumulation, but, as in the case of other animals, would have wiped them off as they arose by the mere struggle for existence. But from the time that Man took the reins into his own hands, one might have known beforehand that these heaps would gradually accumulate as residual deposits at each stage of the world's progress, from the natural operation of two principal causes—one the imperfect, and to

\**The New Age*, 1911

that extent false, science of the past in physiology and biology, as regards the human body ; the other, the bad Sociology of the present, especially in its larger principles and their bearings on religion, morals, social duty, government, etc. But as I have already said that the biology and medical science of the present day, as distinguished from that of former generations, is quite sufficient to deal with race degeneration if it were only *applied*, it follows that the fault must be laid at the door of the existing sociology ; the different *impasses* it has created for itself being found at certain well-defined points. The more important of these, in my judgment, are as follows :

The first is, that the conflicting Principles, Presuppositions, and Doctrines, of the reigning schools, creeds, and parties, whether in religion, morals, or government, so block each other through their antagonisms, that they leave the Practical Statesmen no common ground of generally accepted principle on which they can take action.

The second difficulty is, that even if the leaders of these various sides of sociological opinion were sufficiently agreed, still they must wait until the great gregarious human herd, who are always a generation or two behind the most advanced of their leaders, have come up into line. And the reason they cannot line up sooner in readiness for action (either by themselves or by the statesmen on their behalf) is that it is the function of the herd themselves to work each new advance in religion, morals, and government, made by their leaders, into the very warp and woof of the entire social organism, before they can go on to the next advance ; and all this has to wait "on dilatory time." This difficulty we may call almost a necessity of Nature, but it is not so with our third, which might be removed to-morrow.

This is the absence everywhere—whether in primary, secondary, or university Schools—of the *kind* of Education for the young that would help to break up this stagnation of the general herd, and keep it more closely lined up and in touch



with its leaders—instead of lagging a generation or two behind. To do this, the Sociological Specialisms themselves must not remain broken, divided, and conflicting, as at present, owing to each taking its own special and narrow point of view as the basis for its conclusions, but must themselves line up under some single, large, and all-embracing generalisation, precisely as all the divisions of the biological sciences are now doing under the general Law of Evolution. But where are such central principles to be found in Sociology, the reader may ask? In the First Principles of the evolution of Civilisation itself as a whole. This ought to be the Bible of the Nations; and to its principles and precepts all the lesser specialisms which work under it ought to keep time, measure, and proportion; each checking itself by the first principles of the others, and all by the first principles and laws of civilisation itself.

Instead of this, each of its component parts has started up in turn, and tried to jump into the chair of authority, with the view of making its own special principle supreme. There is, for example, the specially Religious and Humanitarian point of view, which, if you would allow it, would mix your antagonistic races, creeds, and colours, on the same area of soil, with as much unconcern as if they were ingredients in a pudding; in the fond imagination that by sprinkling the phrase “religious equality” over them, as if it were a species of holy water, all these antagonistic elements would vanish, or lie down peacefully together! Then, again, there is the purely Ethical point of view of civilisation, which would deny the teachings of history, or shut them out altogether, rather than admit that abstract millennial justice cannot be brought down from the clouds and applied now and here to every circumstance and condition of life; and this owing to the curious illusion that Justice, because it is an ideal, must also be something that can be stuck in its entirety, like a stamp, one and indivisible, on every situation of life as it arises, and between every class and condition of men, instead of *growing out of* the existing relations of men.

so that only so much *ideal* justice can be absorbed and realised as the existing conditions and environment will permit.

But to return to our problem of Race Degeneration and its causes, we must now ask whether there is not, as there ought to be, some single prevalent sociological or political *doctrine* into which all these various rills of error and false sociology have run and culminated?

There is, and it will be found to be that most baneful of all the products of a false Sociology, viz., the doctrine of *laissez-faire*—a doctrine which since the inauguration of the industrial revolution in England by machinery and steam power, and the French Revolution by the doctrinaire sociology of Rousseau, has been erected into the first principle of practical sociology, and applied successively to each and every department of political and social life. It was a negative principle from the beginning, and could in itself, if continued long enough, lead to nothing but anarchy everywhere; but fortunately England, who for at least two generations was infected by it, is at last beginning to discover that she must now shake herself free from it on pain of social, political, and economic death. For this doctrine of go-as-you-please without central control from either gods or men (beyond that of each man's immediate neighbours, or the parish constable) has no justification or backing in the wide range of Nature, or in the government of men up to this hour; each race of animals being controlled and kept up to the mark either by the strongest leaders inside the race, or by the hostile races that prey on it from without. Now, it is to this false and negative doctrine of *laissez-faire*, which has usurped the place that should have been occupied by some great positive Central and Controlling Principle of Sociology, that is due the race degeneracy of the present day—that dense and compacted heap which has accumulated from decade to decade, and against which as remedy all private and philanthropic spadework is but a scratching of the surface merely. I have already said that it is not the scientific know-

ledge of disease, or of the causes and treatment of degeneracy, which has been wanting in all this, but the recognition of the duty of the State to apply that knowledge. And yet, if we consider it well, it would be at once apparent that if each Parish or Municipality throughout the kingdom had been armed with central authority to keep its own border clean (as each householder used to do, in the case of the snow in front of his house), the present accumulation of race degenerates would have been prevented, or reduced to manageable proportions, as they arose. Not that the State should undertake the entire control of the will of individuals, but only that it should lay down those great general principles of social control within which, as in a game of cards, the free initiative of individuals must confine itself. This is not State Socialism, but State Regulation—quite a different thing.

Our remedies, then, must be :—(1) A Sociological Bible which will supply the first principles under which the several departments and specialisms in the body politic must work. (2) A system of Education under which the rank and file will be kept close in line with their leaders and officers in these specialisms. (3) A Central Executive Authority working under these, as the barbarian kings did under the mediæval Church, who will see to it that no *laissez-faire* in connection with race degeneration, or anything else, shall be permitted to exist in any department of the State or of social life.

---

## BOOK III.

---

# SOCIOLOGY AND POLITICAL ECONOMY.

## CHAPTER I.

---

### FREE TRADE OR PROTECTION FOR ENGLAND?

#### A PLEA FOR RECONSIDERATION.\*

I AM glad to embrace the opportunity of offering a few remarks in favour of a reversal, or, at any rate, a suspension of judgment on the great question now beginning to raise its head again among us, and causing uneasiness in many minds, namely, that of Free Trade or Protection for England in a possibly near future. I do not mean by this that I am preparing an attack on the old arguments in favour of Free Trade; on the contrary, I hold those arguments, when regard is had to the historical conditions out of which they arose, as final and unanswerable. What I propose rather is to go a step farther than has yet been attempted by economists, and to map out in sharp and definite outlines the general conditions which determine whether any given country is better suited to a policy of Free Trade or Protection; to remove the tangle of illusion by which these determining conditions have been overlaid and obscured; and to restate the problem in its bearings on England when once all the new factors have been taken into consideration.

And here, at the outset, I may perhaps be permitted to say, that in pleading for a reconsideration of the question, I do so,

\* *Fortnightly Review*, March, 1902.—The article reopening, as it did, what was supposed to be a closed controversy, was, with the succeeding articles, the first attempt made to place the old and at that time exploded doctrine of Protection on a fresh *theoretical* basis, prior to Mr Chamberlain's taking of the matter up in the Autumn of 1903

not so much in the interests of abstract political science as of what is of much more importance at the present time, namely, of immediate and urgent national necessity. In this I am not expressing merely my own changed opinion, drawn from my studies of historical evolution, but the feeling as well of some of the more clear-sighted of the younger economists, of many public men of both parties in politics, as well as of a large number of thoughtful and penetrating minds of all shades of opinion who have not yet found for their thought adequate public expression.

But before proceeding to my main argument, the first illusion I would point out is that the expediency and validity of the policy of Free Trade never really rested, as is imagined, on the *abstract economic arguments* by which it was supported, either by the Economists or the Practical Politicians who carried it, but rather on certain *industrial conditions* which did not appear in the argument, and which, although unavowed, lent to that argument all that it had of weight and cogency; and, further, that it is only so long as these industrial conditions last that the arguments can retain their validity.

What then, in a word, are the industrial conditions which can be used as a rule or principle in determining whether a given country is better adapted to a Free Trade rather than a Protectionist policy, and *vice-versâ*? Leaving mixed and intermediate conditions out of account, for the sake of clearness and simplicity, we may say, speaking broadly, that there are two that favour Free Trade, and two that favour Protection; and if our reasoning should prove sound, it is evident that when the statisticians shall have told us to which of these England belongs, or is likely soon to belong, the question will have been solved for us.

Now, the first condition of a Free Trade policy is that the country in question should possess some *single natural advantage or combination of advantages natural or acquired*, which shall give that nation an industrial advantage over the rest of

the world in the production of important articles of world-wide demand—whether it be silver or gold mines; exceptional commercial situations, as the position of Corinth on the Isthmus in the ancient world, or of Florence, Venice, and Genoa in the Italy of the Middle Ages, and before better trade routes were discovered; the shipping and carrying trade of Holland before the Navigation Acts of England killed it; the cotton-growing soil of the Southern States of America; the sugar-growing climate and soil of the West Indies before the manufacture of sugar from beetroot; the corn-growing facilities of Russia; or the coal and iron mines close together of England; and the like. Such conditions of industrial pre-eminence, when present in any nation where the extent of the industry is capable of employing a large part of the population, and where the demand of the outside world for the produce is effective and enduring, make a Free Trade policy for that nation scientifically demonstrable; and there all the old arguments for Free Trade retain their validity unimpaired.

The second condition which makes a policy of Free Trade expedient is just the opposite, namely, where a country is so *poor in natural resources* that it has and can have no industrial pre-eminence in anything; and so, not being in the running at all, a policy of Protection to enable it to produce what it wants for itself would only be a waste of time and human labour. All this, perhaps, needs only to be stated to be admitted; it is when we come to the conditions justifying a policy of Protection that disputes are likely to arise, and we shall have to proceed more cautiously. What, then, in my opinion, are these conditions? They also are two, speaking broadly.

The first industrial condition justifying Protection is where countries of great natural advantages and of a high intellectual and political outlook, come late into the field of industry, so that, like some infant Zeus or Hercules, they have to be guarded and protected with sedulous care until they arrive at industrial manhood. Under the name of “infant industries,” such

countries have always been admitted, although grudgingly, by men like Stuart Mill and the more open-minded of the old Economists and Free Traders, to be justified in adopting some form or measure of Protection, as in the case of America and the colonies. At that time England, it is to be observed, with her great firms freely competing *against* each other, was believed to have attained the acme of industrial development; but what we have now to point out is that until these industries have been brought to that high stage of *concentration and unity* which is seen in the mammoth Trusts of America, they cannot be said to have reached their full development in utilising our natural advantages in the cheapening of production, and so quite logically and truly cannot be said to be yet full-grown; and so, by the admission of Mill and the old Economists, if they are to attain to that point, must still fall, in a way, under that category of infant industry which may under certain circumstances favour some form or degree of Protection. But this, too, will probably be admitted without further dispute; and we may now pass to the second set of industrial conditions which, as I am now to show, appear to me to demand a most rigid system of Protection. Unfortunately, it is just one of these conditions with which England is threatened in the near future; and it is in order that we may be prepared, that this discussion, in my judgment, claims precedence over all others at the present time, so numerous are the pitfalls and illusions with which it is strewn.

The condition I refer to is that of a country *once industrially supreme*, and still as rich as ever in natural resources, but which has been effectually beaten in the race by an enterprising rival, *by however small a margin*, provided that margin is likely to be enduring; and this it is admitted is the condition with which we are threatened by our trade rivals, America and Germany. Now, it is assumed by the Free Traders that even in the event of the loss of our supremacy in those industries which have made the country great, still the nations are all



such common sharers in the industrial wealth of the world that our loss would only be *in proportion to* the largeness of our stake: just as in business, losses or gains are divided in proportion to the shares in the partnership of the persons concerned. This is the first illusion. The second is that even if we were beaten in the industrial race, it would still be as much better for us to keep our ports freely open for the entrance of foreign goods as it would be for a rower (even if he had lost some of his original power) to still feather his oar.

Now, all this is most plausible, but, as we shall now see, most false; and if acted on would mean ruin, speedy and complete. Where, then, are the fallacies? They lie in imagining that what is right, natural and expedient to do *before* an industrial defeat, must be so *after* it; whereas it is precisely the opposite. Instead of our losses being, as among partners, only in proportion to our stake, the true analogy is that of a fight between rival bulls or stags in a herd, with the rest looking on, where the victor takes not his proportion according to his strength, but the entire herd; or like the race for the Derby, where the horse that is only half-a-neck ahead takes the whole stake; or better still, perhaps (to bring out the difference between before and after an industrial defeat), like the provinces of the Roman world after Pharsalia. Before the battle, Pompey and Cæsar divided almost equally these provinces between them, but after it, although it was won only by a happy thought, Pompey lost all and was ruined, while Cæsar, gathering up the entire spoil, stalked off with it, and put the imperial diadem of the world in his pocket.

Now, how does this specially operate in the case of an industrial defeat such as we have in view? It does so by a double action, as it were. In the first place, to a nation once thoroughly and decisively beaten by however small a margin in a commercial sense, no one will *come* to buy; not its successful rival, because it can buy cheaper at home; not the outlying nations, because they can buy cheaper from the conqueror;

not even the defeated nation itself, because its people, too, can buy cheaper from their successful competitor than at home. The consequence is, that except to bring in such trifles as fruits, spices, tobaccos, cheap wines, knick-knacks, and other such things, foreign to the great main industrial issue, the ships of the nations will no longer crowd and jostle each other in the ports of the defeated nation as before, but will sail past her to swell the triumph of her conqueror. On the other hand, and by the wind of the same stroke, no one within the nation will continue any longer to manufacture those products which gave it its former supremacy, simply because, with no guarantee against the return of the conqueror, no one will consent to produce. Mills and workshops will stand stock-still or fall to ruin, not by a slow and lingering decline, but as if a bolt had struck them. As well expect a Turkish or Moorish peasant to do more than scratch his fertile soil with a stick, when some Pasha can swoop down on him as he passes along and commandeer the fruits of his industry with impunity.

It is not that the mills *cannot* go on, but that they *will* not; and the reason is, that in the present stage of industrial development there is for the individual producer no *national or collective guarantee*, as there is for the protection of property, but each producer has to take his own risks. And the effect of this is the same as if the Bank of England were suddenly to suspend payment *without* the Government at its back. Possessed of that guarantee, the commercial world, with here and there a failure, would go on much as before; but without it, not a market or an industry would stir, although all the world should raise its eyebrows in mild surprise, and ask what has the Bank of England to do with the running or not of the mills of Lancashire. For industry at the present day is so bound up with a subtle, all-pervasive, and interconnected system of *credit*, that, when that is widely and rudely shaken, each man is as suspicious of his neighbour's solvency as a number of people at a masked ball are of each other's personality. Now,

precisely the same effect would be produced on our industries if we were suddenly struck by a successful rival in our markets at home and abroad—and that, as I have said, because industry in its present stage has no collective or national guarantee. And if no single individual will produce without guarantee, then the nation which is made up of these individuals will not do so either; and if not, with mills standing idle, England would fall as far in a single decade as Florence, Venice, and Genoa of the Middle Ages did in a century. For it is to be observed that it is not now as it was in the days when these States lost their Eastern trade through the opening of better trade routes, or Holland her shipping through the English Navigation Acts, where, in the difficulty of starting new industries outside the beaten track of custom and routine, intending rivals had to have a very great natural advantage over the nations formerly enjoying the supremacy, and required a long time before they could reduce them to ruin. On the contrary when, as at the present time, whole industrial armies can be transported, fed, and planted down with all the machinery and appliances of production to their hand, at any point in the wide world in a night, as it were; and when the smallest margin of differential advantage in production of one nation over another can be seen in the morning papers, or read off the tape from hour to hour in the great central exchanges of the world—in such a state of the industrial world, a nation, if beaten, might easily lapse into a third-rate power in a single generation.

In what, then, do I expect a strict Protection to help us, it will be asked? Simply by giving that *national guarantee* of which I spoke, and which would ensure that what is produced by us, if sold at all, would be sold at a remunerative price. But if the foreigner will not buy from us because he can buy cheaper elsewhere, will not our trade be greatly contracted? Certainly, our foreign trade, for you cannot both lose your industrial supremacy and keep it. It is not a choice between

first and second best—that will have been settled by our defeat. It is rather a choice between a good second-best with Protection, or ruination, speedy and complete, with a continuance of Free Trade. But although we should lose our foreign markets, we should still have a population of between thirty and forty millions, with capital abundant, and machinery and workmen equipped and at hand; and more than all, with a fertile soil that, as Krapotkin has conclusively shown (it came as a revelation to me), could if necessary be made to support many times the population we have now; and with all these advantages there would be the same difference between stagnation and ruin with Free Trade on the one hand, and a good, if second-class, industrial status with Protection on the other, as there would be between a field which, although of excellent quality of soil in itself, is altogether abandoned because a better can be found for our purposes, and the same field which, if it had to support a family, could be made to yield, by a little more labour it is true, an abundance of fruit.

But why not participate in the prosperity of the conqueror, throwing aside our private griefs and losses, and let the country lie idle, with its mills closed down, its workmen out of work, farmers throwing up their farms, the country districts deserted, in the knowledge that the outlying world is benefited by our defeat? asks the cosmopolitan Free Trader; even if, like Irish peasants, there is nothing for us to do but to squat on our little potato patches, and plant and hoe enough of them to keep each his own family. For, consider it well, that is what we should come to if we were soundly beaten by America or Germany in our manufacturing industries; and if Russia could supply us with corn, and other countries with cattle, cheaper than we could produce them here. We should be reduced, it is evident, to the *status quo ante*—to the condition, that is to say, of England before the factory system of the last century gave us our manufacturing supremacy—in the same way as Holland has been reduced to what she was before her mercantile

supremacy began; and Spain before her time of prosperity from her mines. For our supremacy never at any time depended on Greek art, nor yet on "the fantastic carving of cherubs' heads on cherry-stones"—not on the ingenuity and inventiveness of the Americans, the science of the Germans as applied to Industry, nor the encouragement given to intellect either in general or particular, as in other countries; but on simple gross masses, which happen to lie close together, of coal and iron; and when we have been beaten in these, we have been beaten in all; and shall have naught left with which to face the future save pluck and grit, energy and honesty alone—great and important as these are.

Why not emigrate, then, with these to our conquerors? We shall do so when the time comes that country is nothing, patriotism nothing, a common home nothing, pride of race and ancient prestige nothing, family ties nothing; and when it is indifferent whether we are ruled by an American or German sitting in London, or by one of ourselves—but not till then. And certainly not for an economic fetish, which, although a beneficent deity to nations living under industrial conditions to which it is suited, as it has so long been to us, would prove a demon and a curse when these conditions have passed away.

In the above argument I have assumed, for the nonce, that we are likely to become a defeated industrial nation in the near future; and have laid on the colours rather strongly for the purpose of bringing out more sharply the principles that in my judgment ought to guide us in the solution of this great question of Free Trade or Protection. And with this my part in the discussion ceases; and the problem must now be handed over to the specialists and experts in the various branches of industry, to tell us to what extent the statistics of probability will justify us or not in our fears.

But while this is pending, and in order that we may be prepared for the worst, I shall, in my next article, still assume, for the purposes of argument, that we are a beaten nation, and taking

advantage of the revelations of Krapotkin as to possibilities of land culture, and of the new economic truths on the relation between Production and Consumption established by Hobson and others of the new school of Economists, as well as of the facts so carefully collected and collated by Macrosty on the subject of Industrial Trusts, shall indicate a few of the means by which, without recourse to Protection, we could raise our industrial efficiency to the highest point compatible with our natural advantages. But still assuming that, in the judgment of the statisticians of industry, these, too, will prove inadequate for the maintenance of our industrial supremacy, I shall go farther, and proceed to outline as a basis of discussion a sketch of the Protection policy which I believe to be necessary to meet the new conditions, as well as of the general policy required to bring the different parts of our industrial system, manufacturing and agricultural, into harmony with it.

---

## CHAPTER II.

---

### HOW TO RUIN A FREE-TRADE NATION.\*

I PROPOSE in the present paper, with the reader's indulgence, to extend somewhat farther the series of considerations with which I opened my plea for a re-hearing of the imminent and now all-important question of Free Trade or Protection for England. In the former article I dealt with the matter in a discursive and formal manner, confining myself to pointing out in a general way those conditions of industry which in any given country favour a Free Trade policy, and those which favour its opposite. I pointed out that the former were those of what may be called *industrial peace*, the latter those of *industrial war*. By industrial peace I meant, first, where a nation was either so *strong* in some large department of industry that it could practically undersell the world in that department, and where, in consequence, having no effective rivals, it could open its ports freely to all the world, using their produce as but cheaper material or fuel with which to feed and enhance its own supremacy; or, secondly, where a nation, on the other hand, was so *weak* in natural advantages that it could never hope to be a serious rival to any, and where, in consequence, like a simple mediæval peasant, intended only to cultivate his paternal fields, the protective chain armour of the mail-clad knight would be an encumbrance rather than a help. And lastly, by industrial peace I meant that far-off *millennial*

\* *Fortnightly Review*, July, 1902.

*time* when all nations having become but one nation, and their peoples all alike friends and brothers, it would matter little whether it was a peasant in Lithuania or in Kent that was being well or ill fed; a manufacturer in Lancashire or in Russia that was reaping the world's profits; or whether the decrees for the extension, shifting, or suppression of the world's industries should go forth from London or Paris, Berlin or New York. Under these three conditions, wherever they have appeared in history, or whenever they shall appear, Free Trade offers the best facilities for the production and exchange of wealth.

But in conditions of *industrial war* it is different. The first of these is where a young nation, like an infant Jupiter, has natural advantages so great that it gives promise when it reaches maturity of successfully entering the arena and disputing the palm with the older nations, then industrially supreme; and where, in consequence, during its period of infancy and growth, a systematic, close, and rigid policy of protection is indispensable if it is not to be strangled at its birth. The second condition is where a nation, once industrially supreme in its own line, is threatened on all hands by younger rivals, and is at last beaten, by *however small a margin*, in that which gave it supremacy, and where, in consequence, some form of Protection is the simplest, swiftest, and most efficacious way of averting disaster, until such time, if ever, as by internal reorganization of its forces, it is able to claim the supremacy again.

Now, imagining that these positions framed thus generally had only to be stated to be accepted as axiomatic (and, indeed, they have not yet been gainsaid), I then appealed to the statisticians and specialists to let us know how near we were getting to this danger-point of being beaten in our staple English industries, and there left the matter for the moment. But, curiously enough, at this very time, one or another of the most eminent Economists, Financiers, Statisticians, and practical Business Men, were engaged, each from his own special point of view, and without previous concert or collusion, in illustrating



the very positions I had raised for consideration. Mr. Hobson, in my judgment one of the most subtle, clear-sighted, and penetrating of living economists, wrote an article in the same number of this Review as that in which my article appeared, in which he demonstrated the necessity of reconsidering Free Trade at once from the political and from the economic side. In the same and a preceding number of the *National Review*, Sir Vincent Caillard, an international financier of acknowledged repute, sought to establish the same positions in one of the most careful, elaborate, and well-sifted collections of trade statistics which has yet appeared; while Mr. Holt Schooling, also an acknowledged authority, had in an earlier number of the *Monthly Review* shown, in an admirably clear and condensed form, that the heyday of our supremacy was already past, and that all along the line we were slowly but definitely on the decline. And last and not least, in a book on Protection, written some time before by Mr. Byng, a manufacturer in a large way of business—a book, I may remark in passing, which exhibits not only an insight into every department of practical business, but a directness of penetration into the general play of economic forces such as I had not yet found in the political economy of the schools,—in this work, the positions I had laid down were anticipated and demonstrated from practical experience with as close a fidelity almost as if the author had had them in his mind while writing.\*

Now, the above, I submit, was a combination of expert opinion so simultaneous, independent, and unforced, and all converging to a common centre and conclusion, that it ought not in decency to have been ignored. But the Press, imagining that the advance and encroachments of rival foreign industries were to be calculated by an *arithmetical* progression, so many *stadia* a decade, as it were, and not, as we shall presently see, by a *geometrical* one, in which whole provinces may be detached

\*Notably was this the case in the philosophy of “dumping,” which we had reached independently, and were the first to announce—he from the practical, I from the theoretical side.

in a night ; the Press, I say, taking a passing glance at the figures, and finding that, although the foreigner was gaining ground on us, he had still so much to cover that we might continue to indulge our Rip Van Winkle sleep for a long time yet, and still wake up to find ourselves far and away ahead, after a passing call to the manufacturers to wake up and improve their machinery and methods if they would out-distance their competitors as of yore, turned over on its side and went to sleep ! The vast miscellaneous multitude, therefore, who have the votes and whose ear hangs on the voice of the Press as that of the Greeks did on their oracle, were not even informed that there was such a thing as another important side to the Free-Trade question ; and so the facts and statistics compiled with so much care, as well as the arguments drawn from history and civilization, were left orphaned on the rocks by the seashore, within ear-shot of the public, it is true, but without reaching it (for to consign an argument to magazines or books is, so far as the great Public is concerned, to consign it to the tomb), and were washed away by the next incoming tide, and by this time are forgotten. But in the short interval since then, events have moved so fast, and industrial enterprises so gigantic in scope and design, so multiform, and vaguely menacing in their character, have appeared on the horizon, that both the public and the Press have been staggered and bewildered by it ; and so my orphaned friends of the magazine and myself have another chance given us of trying to catch the public ear on this momentous question ; and this time, I trust, we may meet with a more cordial and attentive reception.

At any rate, I propose to open the campaign again on the same issue as before, but this time to take the offensive, and if I may venture on so bold an undertaking, to carry the war into the very heart of the enemy's camp, investing the Free-Trade position more closely, and laying siege to it both in flank and in front ; and by drawing on those elements bearing on the problem which have not yet entered into the purview of the

Old Political Economy on which the gospel of Free Trade hangs, shall hope to drive the enemy from the trenches in which he has long lain so securely, and from behind those paper barricades by which his essential weakness is obscured. In this way, although we may fail in reducing him or in silencing his guns, we shall at least have brought to the public notice the new artillery which the New Political Economy, the new methods of industrial warfare, as well as the latest generalizations drawn from history and civilization, have brought into the field ; so that when the logic of events, if not of argument, forces the question, as it will most assuredly do presently, to the forefront of practical politics, no factor of importance which either economics, history, or political experience can supply shall, if possible, be omitted from our purview, or shall suddenly be sprung on the nation without having already received its due weight and consideration. Trusting, therefore, to the goodwill, if not the assent, of the public and the Press, I shall endeavour to show how a Free-Trade nation like England, which, according to the logic of the old political economy, can never be overtaken if only she will put forth her full powers and obstinately refuse to close her ports, by hostile tariffs, against the foreigner, can in actuality be caught up with and overpassed at a few bounds ; and that, too, as easily as the fabled tortoise was, which the logic of the Greek philosophers proved to a demonstration could never, if it got the start, be overtaken by the hare during all time. In other words, I shall attempt to show how the margin of our industrial supremacy, which at the assumed *arithmetical* rate of progression might take centuries to be overpassed, can, by the *geometrical* progression which my argument involves, be jumped all along the line in as many decades, and our trade ruined as we sleep. Now this, I am aware, is what the Americans would call a "large order" ; and as a prophecy it can only be saved from derision by the most rigid demonstration of the trend, momentum, and incidence of all the forces maturing to that

end. But with the hand of cards held by my friends and myself in this enterprise, I hope, with ordinary good fortune, to demonstrate its feasibility, relying on my trusty comrades in arms to eke out my deficiencies by their superior knowledge. For, to sit here and see our commerce captured by preconcerted design, and our industries one by one given over to the spoiler like sheep on an open plain, because the ghost of a dead and superannuated political economy has forbidden the erection of defences against the wolves, and because it has decreed that trade will best thrive when it is allowed to wander at its will anywhere and without protection—this, indeed, would be an inherent cowardice, and those who shall deliver the nation from this Old Economy under which it sits enchanted will, like Cato, deserve, if they do not receive, the gratitude of their country. Let us, therefore, to the arena, and with the gods and the Press propitious, make another attempt to arouse opinion on this all-important theme; shaking hands as is the manner of the prize-ring, before we enter on this friendly encounter for the public good.

But in order that the controversy may be fought on a definite issue, and that our demonstration may have the greatest possible clearness, it is necessary that we should find some single object, natural or artificial, in which every side and aspect of our subject may be envisaged and surveyed at once as in a bird's-eye view, and on which the reader may concentrate as the course of the demonstration proceeds. And for this purpose I propose to represent the play and interaction of the wheels of industry by the Great Wheel at Earl's Court. If, therefore, the old economists of the Academic chairs, as well as the young lions of Parliament and the Press, who, from sitting at their feet, have come up to town to champion them, as well as the public generally who have received this gospel of Free Trade from them as a sacred deposit and heritage, will do me the honour during the month in which this article runs, to concentrate on this Wheel I will undertake to say that, with

the Press as referee, we shall either be victorious all along the line, or I personally shall be compelled to lay down my arms and be driven from the field. But if, as I hope to show, this wheel will stand all the strain which can be brought to bear on it; and if in the upshot it shall be seen that the old and fabled Science of Political Economy, with the Free Trade that hangs on its skirts, must dash itself to pieces on its iron bars and fall to wreckage, then out of their ruins there will also be seen to arise, as out of the dead snake in Goethe's tale, a ring of precious jewels of universal currency and validity—a single law of Trade and of the *production* of Wealth; a single law of the *distribution* of wealth or division of the spoils; and out of these two again, a single law for building up Trade, and a single law for ruining it.

To begin with, then, let the different compartments of the Earl's Court Wheel represent those great industries which have given England, and in the aggregate still give her, although on a declining day, her world-wide supremacy—the cotton industry, the coal industry, the shipping industry, the woollen, iron, steel and machine industries, and the rest. And let these separate compartments be filled with the workmen connected with these special industries; each compartment being divided into two halves, one half representing the food, shelter, clothing and other articles of convenience or luxury which the workers consume and enjoy, the other half (of which the masters hold the keys) representing the land, workshops, machinery and tools used by them in their several industries, and by the use of which all the material wealth of the country is produced. Next let the great wheel, with these compartments all suspended from its inner rim and circumference, begin to revolve, carrying its compartments up and around with it; and as a standard of the normal activity of industry, let the wheel make a single complete revolution in twenty-four hours; any increase or decrease in the production of wealth by the workers being represented by the quickening or slowing of the wheel

in that given time. And now let the workmen in the different compartments be engaged while ascending the wheel, say in the evening and at night, in consuming in one division, the food, clothing, comforts and luxuries, which they have produced in the other on their way down the wheel, say in the morning and afternoon; and let this process go on from day to day, the occupants all engaged during one-half of the day in consuming what they have produced in the other.

And now let the owners or others who have interests in the Earl's Court Wheel, and who charge the public a certain sum for entrance to it, and for the permission to enjoy its privileges, represent the landowners, the capitalists, the shipowners, the manufacturers, and the rest, as well as the tax-collectors of the Government, all of whom, or their agents, stand around the base of the wheel and take tax, toll, rents, commissions, profits, or what you will, for protecting the wheel, for directing the running of it, or for the use of the land, workshops, machinery and tools, which occupy, as we have seen, one-half of each of the compartments; the landlords taking their toll in the shape of rents for the use of the land in the agricultural compartment; the capitalists and owners of the manufacturing, shipping, and transport compartments taking theirs in the form of profits; while the Government takes its share in the form of taxes from all the compartments alike. And let all these rents, tolls, profits, taxes, or commissions, be taken out of the *producing* division of the compartments, as each in turn reaches the landing-platform, and before what is left over is passed through to the *consuming* divisions to be consumed and enjoyed by the workmen and their families on their way up the wheel again.

The above, then, may stand to represent the great wheel of industry and its adjuncts and appendages, freed like a mathematical diagram from all unnecessary complications, and in its simple structure and arrangements serving as a moving image not only of the industry of the world in any age or nation, but, if we consider it, of its governments and politics as well; and

to it as to a kind of universal touchstone we may bring all theories of political economy or of national policy to receive their justification, confirmation, or refutation. Let us regard it, therefore, for a moment to make sure of its universal and representative character, before putting to it those special questions the answers to which will, in my judgment, be seen to seal the doom of the Old Economy, and of the principle of commercial policy which is founded on it, namely, of Free Trade absolute and unlimited for all peoples and at all times.

Now, the first point we would notice, and the most important of all for our Free-Trade argument, is that the occupants of the Wheel are neither exclusively producers nor consumers, but are at once both producers and consumers, each man being a producer in the daytime and a consumer at night, so that they may all be called producer-consumers.

The next point is, that the Wheel is equally representative of industry at any and every stage of its development, from the savage who lives in the evening on the fruit he has gathered, the fish he has caught, or the game he has killed in the morning, whether he give over any part of it to a chief or medicine-man or no, up to our own complicated modern development, with its tax-receivers, rent-receivers, profit-receivers, and interest-receivers, all waiting around the base of the wheel to take tax, toll, and commission from it.

The third point is, that in strict science the Wheel as it stands at any given time is the source of all the wealth of the community; in the same way as the engine, and not the driver, does the work of the train. So that although the capitalists and owners who run the wheel for profit are of the greatest importance, inasmuch as by their energy, invention, and foresight, or the want of them, they may cause it to revolve more quickly or more slowly, may run it well or badly, still they are strictly no essential part of it. Like the engine-driver, if they run it badly it will slow down or stop of itself, and both they and its occupants may be ruined; if they run it well and

skilfully, they, like the rest, will participate in the increase of the products and in the growing general prosperity.

And now we have to ask of the Wheel how it is to be worked in order to produce most wealth, in the same way as we ask of an engine how it will do most work. To answer this we may begin by remarking that as the amount of wealth depends on the number of revolutions of the wheel, the question is whether it can be best increased by stimulating the *producing* or the *consuming* side of the wheel, its downward or its upward movement. But just as no man will give himself the trouble (except for sport) of catching half-a-dozen fish when one is sufficient for his own consumption, unless, indeed, he knows of those who will take the extra five off his hands and give him something for his trouble, so the workers on the wheel will not, if they have no rents, taxes, or commissions to pay, produce more than they can themselves consume; if they have such rents to pay, then they will not produce more than both themselves and the rent-receivers can consume. For should they in one revolution of the wheel produce more than this, as some of it must go to waste, they will on the next revolution produce less, and the movement of the wheel will be slowed again, unless, indeed, foreign consumers can be found to take the surplus off their hands. So long, for example, as the Southern planters of America can connect the productive side of their cotton-growing wheel with the consuming side of a cotton-spinning wheel in Lancashire (as one wheel in a factory is connected with another by throwing a belt across both of them), the cotton-growing wheel may still keep up its pace even should the negroes on it receive but a bare subsistence; but were the planters so situated that they had only to produce sufficient for their own backs and those of their negroes, it is evident, is it not, that the speed of their wheel would slow down almost to stagnation? And, therefore, unless you can find *consumers* either in your own nation or in the world outside, however fast you may start your wheel a-going by



acting on its *productive* side alone, it must slow down again unless the consuming side can take off the produce by being able to pay for it. On the other hand, if the consuming side can take it off as fast as it is produced, and can pay for more as well, the wheel will not only start revolving quickly, but will increase its speed more and more until the power and the willingness to consume are exhausted. In other words, the quickness or slowness of the revolution of the wheel, and therefore the greater or less production of wealth, depends on and takes its initiative from the *consuming* and not the producing side of the wheel. It seems almost a truism, and yet it has been entirely missed by the Old Economists from the time of Adam Smith to the present day. By putting production before consumption, they put the cart before the horse, and while urging manufacturers to go on producing by whipping up the cart, with Carlyle jeering at them, they could not understand why the horse would not stir from the spot! And yet the first tradesman they met could have put them right. For he would have told them that it was the number of consumers coming into the front door of his shop that determine the number of wholesaler's carts unloaded at his back door; the number of orders given to the wholesaler, again, that determines, in turn, the number given by the wholesaler to the manufacturer; and the number to the manufacturer that keeps going the cotton-growing, stock-raising, sheep-breeding, corn-producing, coal and iron mining of the farmers, planters, and landowners. In other words, the "turnover," as it is called, or the number of revolutions of the wheel in the production of wealth, depends on and takes its cue from consumption, and not production; as, indeed, might have been seen *à priori* from the knowledge of human nature itself, which, although for sport it may produce what it does not intend to consume, in business will produce nothing but what it has a reasonable expectation of consuming and enjoying.

Now, it may seem a small matter this, of whether you make

consumption or production the primary and initiative cause in the production of wealth (and it seems so frankly natural that the production of wealth should depend on its production, and not on its consumption), but like taking a wrong turning in a country lane on a dark night, it led the old economists farther and farther into the bog, until they ended by being not only wrong in one conclusion, but in practice wrong in all.

The first illusion into which this divorce of production from consumption led them, was the imagining that the *share* in the product which should fall to each class, could be determined scientifically by *economic* laws alone. They were prepared to admit, it is true, that no such scientific division was possible in other ages of industry; as in the Roman Empire, for example, where the landlords and capitalists were masters, and much of the work done by our present capitalists was done by freedmen and slaves to whom could be thrown such leavings as the masters in their discretion chose to give them; nor could it be scientifically divided when the sword of the conqueror was thrown into the scale to carve out for himself from the produce what share of it it was his good pleasure to receive; nor even in the present day in countries like Turkey and Morocco, where rapacious Pashas, with the connivance of their Sultans, can commandeer such of the stock and produce of factory or field as lies within their line of sight as they pass along the highway.

But living, as these Old Economists did, before the time of the giant "Trusts" and the equally-powerful Trade-unions, they figured the isolated capitalists, great and small, as well as the isolated working man, as ever on the wing, ready to transport themselves anywhere, and to alight on any the slightest coign of vantage that offered itself. They imagined that in countries where property was secure, competition open, and contracts free, the problem was only to find how quantities of dead material or of human chattel flowing freely hither and thither like water or sand shaken in a sieve, would find their

appointed level according to economic law, yielding so much to the landlords, so much to the capitalists, and so much to the workers respectively.

It was Mill who gave to this division its final scientific expression ; and accordingly in his work on Political Economy you see the produce piled up in the little mounds or hillocks that fell to the lot of each, all rising from a common level and margin of " free contract " and " free competition," like a range of hills of varying size rising from the margins of a lake. In this division, while the landlords' share varied with occasion, but still by definite law, the labourers' share always remained a mere *tail-end* to capital—a " bare subsistence wage " to which population and necessity for ever kept it down. But these Old Economists forgot that it was not merely a question of *dead material* or human chattel transported hither and thither according to supply and demand, but that behind all these hillocks and mounds were *human wills*, who, by uniting and combining, could as easily get their backs against the wall by manœuvring, as ever rapacious despots and Pashas had done by their swords. And the consequence was, that they had no sooner settled the division to their own satisfaction, than the hillocks began to rock and tumble as if earthquakes or volcanoes had opened beneath them. Henry George saw in vision the horrid spectre of Landlordism rising higher and ever higher till it threatened to fill the whole heaven and to submerge Capitalist and Wage-earner alike, but imagining that it all came by economic law, and not realising that subterranean powers might be at work as well, called on Heaven for justice and for expropriation while it was yet time, and before civilisation itself should be submerged. But he had hardly time to utter his prayer before the subterranean powers lying behind another mound decreed it otherwise. This time it was the Capitalists, who in his own country of America had begun by getting hold of the means of transport and communication, and from that as point of support, worked outwards, throwing

their coils alike over forest and mine and field, and by means of boycott, preferential rate, the alternative of purchase or ruination, or what not, at last issued in those giant Trusts which shot the mound of capitalism so high that it filled the sky like a Chimborazo, dwarfing the spectral landlordism of Henry George to a wart; while Labour meanwhile rising steadily higher and higher on the back of its underground Trades-unions, and no longer now the mere tail-end of capitalism, confronted these giant trusts on equal terms on its own rival peak. The truth is, there is no *economic law* as such for the division of the products of industry among the different classes; it depends entirely on the law common to all civilisation, that "they will take who have the power," and who by manœuvring can get their back against the wall as against the rest;—and there are as many opportunities for this in a *régime* of "free contract" and "free competition" as under the most precarious, slippery, or ruthless of despotisms. The fear of starvation or of the poor-house to men cut off from access to the land or to the workshop, although more slowly and silently operative, is as effective in its results as the immediate fear of death; and while throwing open all doors for them individually to walk in or out without compulsion, you can strangle them in the mass unless protected, by operating on them individually, as surely as you can the occupants of a pit or gallery by the cry of fire, with all the exits free. On the other hand, by detaching each individually from the union which is his defence, you can do it with a show of generosity, largesse, and magnanimity even, as deadly in its effects as if it were a preconcerted massacre; in the same way as by throwing a few coins into a dense and excited crowd you can make them trample each other to death, each strangling the other as in a doorway by his own excess of eagerness and desire.

The question is, therefore, not whether the game is being played fairly on a smooth and even table by "free contract," "free competition," and the like, according to recognised laws;

for this is never so. One or other of the dice is always loaded. Either it is done openly and frankly, as at the Bank of Monte Carlo, where the "zero" always gives the proprietors a steady advantage; or secretly by one or other of those concealed combinations underneath the table, where the conspirators, by merely raising their backs, can by means of "corners" and monopolies upset all the legitimate rules of the game. Let our idealist friends, therefore, who are nothing if not sticklers for Justice, and for seeing it rigidly executed in this world, but who are too often so intent on watching the rat-holes of life to find the man who stole the sixpence or the loaf of bread, that they let the elephant go by unheeded—let them, if they would have a "cause" or theme worthy of their great argument, look to these concealed monsters rather, if they would see the game of industry and life played under fair and equal conditions. Otherwise grandiose hypocrisies such as would make the heavens blush, creeping from their concealment, will stalk through the world blameless and unabashed, posing as if in all meekness and humility they were the lowly exemplars of uprightness and peace.

Now, all the Old Economists saw these inequalities, and deplored them, but thinking them to be the natural effects of purely economic law (instead of cunningly-devised combinations of human wills and powers), either resigned themselves to them as to the ordinances of Nature, like Mill, or appealed to heaven and abstract justice to right them, and so too often fell into mere utopias and dreams—Henry George, as we have seen, calling aloud for the expropriation of the landlords out and out, and without compensation; Ruskin, for a division of the product founded on the range and character of the social services of each class, and on the amount of ability and virtue displayed; while Karl Marx, appealing alike to justice and the street-barricade (when chance offered), on behalf of the rights of the workers, championed their claim to take most of the produce, if not all.

With all these illusions clinging to the skirts of the Old Economists, we are not surprised to find that, figuring Industry as a kind of rigid walking-stick divided into parts with Labour as its tail-end, and where, accordingly, the less Labour got, the more there was left for the other classes, and *vice versa*, they should be perplexed when confronted with the paradox, that the more Labour got, as in America, the more all other classes got as well; and the less it got, as under Turkish Pashadom, the less, instead of the more, did the other classes receive. But the reason is simple. Industry is not a rigid walking-stick, but a wheel whose revolutions when stretched out on the flat are as elastic as rubber; if made to revolve slowly, it contracts, until there is little or nothing for anyone to divide, even for the Pasha himself; if quickly, it may measure more than the entire length of the stick, and so there will be the more for all. And as it is Labour that is on the wheel, it is really a case, so far as the Old Economists are concerned, of the tail wagging the dog!

But the most fatal legacy left by the Old Economists in their attempt to separate the production of wealth from its consumption, was their doctrine of Free Trade as a principle of commercial policy absolute and *unlimited*, the best for all nations and at all times. It was as if they had divided the Wheel of Industry into two parts, and tried to make each part run independently of the other. Or as if they had divided men into mouths and stomachs on the one hand, and arms and hands on the other; and had then said to the one, Consume all you can, and at as cheap a price as you can get it, whether from at home or abroad; and to the other, produce all you can as cheaply as you can, and when one industry is ruined by the foreigner, try another where your capital can be employed to better advantage; and you will all then have attained the maximum of industrial prosperity and felicity possible to you, and your problem of industry will be solved. Now, the difference between a double-sided thing like a wheel, and the

same thing split into separate halves, is this, that whereas in the latter you can go to any length with the one half without paying any regard to the other, in the former you have to be careful not to press so strongly on one side as to injure the other. This is true of all concrete things, from a nation as a whole down to every man or animal in it. If you divide a nation into two absolutely independent and unrelated sections, say a warlike class and an industrial class, and treat each as if it were independent of the other, you can say to the one class, Fight as much as you can and whenever and wherever you can; and to the other, Push your trade wherever you can and to any extent you can, and all will be well; but if they are only two related *parts* of one and the same nation, you can only say to the one, Fight whenever you can, and as much as you can, *so long* as you do not thereby endanger your trade; to the other, Push your trade wherever you can and by any means you can, so long as you do not bring on a destructive war. A State may maintain a class of celibates or Quakers with nothing but advantage to itself from their example, but *all* must not be celibates or Quakers; some worldlings must be reserved, if the population is to be kept up; some soldiers, if the national independence is to be preserved. It is the same with Industry. A workman may barter all he has for cheap food and clothing, but not his tools; a big game hunter all his old guns, but not his rifle; a fighting tribe of Red Indians, everything else but their weapons of war; a stockbreeder all his inferior bulls, but not his last and best one—that must be reserved.

And now if we apply this principle to the Free-Trade position, it will be evident at a glance that a nation can only permit cheaper imports from abroad for the consuming side of its wheel, so long as it reserves *some* industries which will keep the productive side agoing to pay for them. But the Free Trader is not satisfied with this, but cries, No, let not only some things come in cheaper, but *all* things whatever, if they can be had cheaper abroad. It is as if *all* the members of a

tribe were to be secretly inveigled into parting with their rifles, or all the stockbreeders into parting with their bulls! And now let us see how it works out in detail. As each industry in turn is ruined by being undersold from abroad, the works of that compartment of the wheel must close down, and the capitalists, putting the keys in their pockets, must transfer the wreck of their capital to some other compartment of the wheel; while the workmen must either clamber up the wheel and distribute themselves among the other compartments as best they may, as unskilled workmen, or fall off the wheel altogether into the gutter or the slums. If now we suppose our great manufacturing industries invaded in turn, the coal, iron, steel, woollen, and machine industries—those great industries which by weathering the open competition of the world for a generation or two of Free Trade have best proved themselves able to survive in the struggle for existence—until all but a few of the strongest have succumbed; the workers having all clambered up into these compartments, or fallen off the wheel into the gutter; still all may yet be well, and the nation as a whole be richer for it, even although the millions of workers displaced have to be fed like the Roman populace on “bread and the circus,” in every city and town of the kingdom; *provided* always that the one or two industries that still keep their ground (and in which the wrecks of the capital of all the rest are now concentrated), can still hold the World market so securely, that they can pay easily for all the imports from abroad, and still have something to the good. Even a single industry would suffice, say the Cotton industry, the largest and strongest of our industries. It was so in Spain, when after having become possessed of the gold and silver mines of Mexico and Peru, she abandoned all her old cotton and silk and woollen manufactures, and still grew ever the richer, waving her flag more triumphantly than before on the produce of these mines alone. But now let our last industry be successfully attacked and captured, as Spain in effect was



when her mines were exhausted, or Rome when Alaric and the other Barbarians, advancing by easy stages through her exhausted and now defenceless fields, tenanted as they were only by Sybarites and slaves, sat down before the walls and demanded her keys. Will the Free Trader still wave his flag and exclaim, "Oh! let it all come in, it is all for the benefit of the 'poor consumer' "? Will he still shout in the ears of the capitalists, with all the other industries ruined in their rear, to wake up and employ their capital and labour in industries that will give them a better advantage? Or, most helpless delusion of all, will he still expect the imports to *go on* coming in? Did the English manufacturers still go on pouring their goods into Spain as a charity when her mines had given out? Did the granaries of Egypt and Africa still continue to empty their corn into the lap of Rome as a free gift, when the Barbarians had taken her sword?

Man for man, for every consumer on the wheel there is a corresponding producer, and for the very good reason that each man is, as we have seen, a *producer-consumer*. If, therefore, you let *all* products come in free from abroad, because they can be had cheaper, you (having by the same act been *under-sold* in all) have the keys turned on every workshop in the kingdom, and unless fed by manna, the grace of God, or foreign charity, how on the next turn of the wheel are men to eat, and clothe and house themselves, if they do not, and, by the nature of the case, can no longer produce anything either for their own consumption, or in exchange for imports from abroad? The conclusion is obvious—Free Trade as a principle of commercial policy *absolute and unlimited* is false; to make it true both in theory and fact, we must substitute for it a Free Trade in which *some* industries, or a single industry, must in the last resort be protected and reserved; like the last rifle of the hunter, and the last bull of the herd; and, for preference, those industries for which the nation has the greatest natural advantages, the greatest natural genius,

and the greatest stock of acquired skill and knowledge. For, with our *last* industry captured, the very contemplation of having to deliver over to the statesmen to feed, some forty or fifty millions of people who will go on living and will neither consent of their own free-will to starve, or to be shot, drowned, or otherwise mercifully disposed of, ought of itself to be enough to give the unlimited Free Trader pause.

But if the above considerations are not sufficient for the Old Economist and Free Trader, and he still requires more to convince him of the illusory nature of the life-belt to which he has entrusted his fortunes, and by which, as he has recently declared, it is his intention either to sink or swim, let him take a glance with me at the phenomena of industry, not as seen through the mere crack in the wall of a single generation or two, where only the tail of the dog is visible in the procession, but when broadly surveyed in full perspective along the course of History. For then he will see that no nation that has risen to supremacy, either in commerce or in manufactures, has done so by Free Trade alone, or yet by Protection alone, but by a combination or alternation of the two. England, for example, began by exporting her wool through the shippers of the Hanseatic League; she then invited the Flemish weavers over to teach her how to manufacture it; then she made the Hansards spend all they got from their imports, on English products; next she expelled the Flemish weavers and let her own do the work; and lastly, she shut the door in the face of the Hansards, and let her own shippers do her carrying trade. And when she had at last, by her natural advantages, become the chief manufacturer of the world, she shut the door in turn on the Dutch, who had succeeded the Hansards as the main carriers for Europe and the East, and by the Navigation Acts which confined the carrying of her manufactures to her own ships, ruined Holland at a blow.

The Hanseatic League itself began by being, as England is to-day, the great carrier for all the northern nations of Europe,

buying everywhere in the cheapest markets—wool in England, iron in Sweden, manufactures in Belgium, agricultural produce in Poland, and so on—but protecting her commerce meanwhile by allowing none of this produce to be carried in any but her own vessels. After a time each of these nations, nursing the while its own shipping for political and other reasons, closed its doors in turn on the League, and excluding her vessels from its ports, she, too, was ruined.

Flanders, on the other hand, began by Free Trade, as well she might, for there was none to compete with her manufactures, but when England expelled her workmen, and Colbert closed France against her goods in order to protect his own, she too was ruined. Portugal, again, had begun by protecting her manufactures until they were in a flourishing condition, but having, in an evil hour, agreed, by the Methuen Treaty, to admit English manufactures free in return for her wines, the country was so flooded with them that her home manufactures perished, and could not afterwards be revived.

The American manufactures which had taken root during the War of Independence were, at its close, threatened with ruin by the influx of the cheaper manufactured goods of England. A tariff was then put on, and they revived; it was taken off, and they again drooped; it was then doubled, and gradually raised tier on tier to the formidable and inaccessible barrier it is at the present day;—and with results, as an object-lesson, which all the world may see. It was the same with Germany, who, after the Napolconic Wars, was threatened with the ruin of her manufactures by the imports from England, but after much difficulty she succeeded in getting them protected (with Free Trade, however, within her own borders), and so gradually brought herself to the industrial position which she occupies to-day.

And when England by reason at once of Protection, of her great natural advantages, and of the number of great inventors born within her realms, had managed to outpace all her rivals

both industrially and commercially, on land and on sea, and so attained to the industrial supremacy of the world, she too, having now nothing to fear from foreign competitors, opened her ports freely to all nations, and invited them all to come in; and continues to do so to the present hour. But to imagine that this industrial supremacy thus slowly built up like a coral reef from stage to stage, and behind a series of enclosures and barricades in which the exits and entrances were as cunningly devised to meet the attacks of the enemy as the drawbridges, portcullises, and underground passages of her old Baronial castles; to imagine that each of her nascent industries could have stood on its own feet and without Government protection in the teeth of older and more developed industrial nations standing over them with drawn sword, and ready to strike them down; to imagine all this, and further to believe that because in looking through the keyhole of a *single* generation of men and finding Free Trade flourishing without bolt or bar, it would have been better had it been always thus, and will be better to be always so, is to imagine that the unwallied towns of to-day, protected as they are only by sentiments of peace, would have been equally secure against the robber-barons of the Middle Ages, or would be so to-morrow, unless new barricades were devised, if the country were invaded and overrun by a foreign foe.

The Old Economists, then, having failed to see that Industry is a Wheel of producer-consumers, and not a dead, inelastic walking-stick in which production is separated from consumption and independent of it, missed the one and only Law of the Production and increase of wealth, namely, that the *stimulus* comes from the side of consumption, and not of production. They have missed, also, the one and only Law of its Distribution, a law which comes from civilization in general, and not from Political Economy at all—the law, namely, that the lion's share of the produce must always fall to that class which, by the most skilful manœuvring of its forces, succeeds

in getting its back against the wall. They have also misled the Free Traders into believing that Free Trade is a principle of absolute and *universal* validity applicable to all nations and at all times, instead of being severely limited in its application, and always with the most vital industries protected and reserved. And further, both they and the Free Traders alike, by looking through the keyhole of a single generation, have missed the one and only lesson of History bearing on the subject, namely, that nations that have attained to industrial supremacy have done so by judiciously *mingling* Free Trade and Protection, either alternately or in combination, according to the industrial necessities or conditions of the time.

If all this be true, it is evident that with England as a Free-Trade nation, thus tempting Providence by lying helpless and exposed on an open sea like a floating mass of undefended blubber, ready to be harpooned by every adventurer that passes along, the problem of *how to ruin her* ought not to be one altogether passing human ingenuity. On the contrary, it is as simple and "easy as lying," as Hamlet says; and, indeed, the process has already begun. The problem being how to jump the now small margin of superiority on our part which separates us all along the line of our greatest industries from that of one or other of our foreign rivals, and to jump it, not by a slow advance requiring decades or centuries, but by leaps and bounds, two principles or modes of operation are involved; first, to get your weapon of attack, and next, to effectively use it. In regard to the first, it is to be observed that just as a cannon ball of sufficient size will demolish a fortress which would be impregnable to the assaults of a number of rifle bullets, although in the aggregate they were equal in weight of metal to that ball, so an amount of capital concentrated and wielded by a single hand will break down industrial defences which no equal amount of capital dispersed in small amounts among a number of isolated and independent capitalists can touch. For, giant capitals wielded by single hands are as

much a real *invention* in Industry as the Armstrong gun was in War, and in their range and efficacy of operation are as the difference between steam-power and hand-labour; and when once they have appeared in the field of industry will silence all lesser aggregations, as the power-looms did the hand-looms; and especially when brought to bear on a Free-Trade nation like England, whose capitalists, still more or less isolated and unrelated, can be bought or sold for money without infringing any of the current conceptions of commercial honour, and can be pitted against each other, or caught at angles where they can be isolated, detached, and defeated in detail, as in the tactics of Buonaparte in war; and more especially so where, with open ports and no protective defences anywhere, the enemy is invited to step in and freely choose his own ground and points of vantage for the attack. It is a question only of Capital *enough*; give us that, and were the world made up of Free-Trade nations to-morrow, they could be overrun as easily in a night as the isolated states of Greece were by Rome, of the East by Alexander, or of Germany by Napoleon; each being incorporated in the rolling ball as it went along and made the instrument of further conquests, until all were subdued.

And the way in which these giant capitals are to be handled for the purpose may be seen at a glance, if we observe the way in which great industries which otherwise might have held out indefinitely have been ruined at a bound—namely, by means of Foreign Bounties. Now, a bounty is in essence a certain portion of capital detached from the great ball of capital which constitutes the revenue of a State, and is discharged by its Government at a loss, or altogether sacrificed, for the purpose of ruining the trade of a rival nation, as was the case with our Sugar Trade. It was a minor industry, it is true, and although it involved the ruin of many, both here and in the Colonies, the loss was compensated in other ways; and on the whole, perhaps, the industry was one which for the general good

might with advantage be sacrificed. But the principle of *how to ruin a trade* lay in it; the difficulty being in the case of bounties to get nations to consent to the sacrifice involved in them for the benefit of a small section of their peoples; and more especially to find foreign industries so *nearly on a level with their own* in point of strength, as to require the sacrifice involved in their ruination to be kept up for only a limited time. But in the hands of private individuals, these monster capitals are, like Olympian bolts, a free force to be directed at will and without obstruction, by the hands that wield them, to any point of the industrial horizon. Since the first draft of this article was sketched, a large slice of our shipping industry has been detached by a single coup, and in a way so familiar to all, that further exposition is rendered needless. Suffice it to say here, that if these American capitalists who can freely handle an amount of capital equal to the revenue of great States, should continue to be protected in their home industries by a wall of tariff so high as to allow of no danger from foreign competition; and if, after having brought their price-lists in our own great vital industries of coal, iron, steel, machinery, and the rest, up to a point where they can not only hold their own in neutral markets, but have only the Atlantic freightage standing between them and our own home markets; if these men, I say, standing on the shores of the New World, should concentrate their forces, and call on their nation to stand by them by permitting them a monopoly price at home, while their industrial army was carrying the war into the enemy's country (in the same way as they would bear military taxation for a like purpose), could they not promise them, if they were successful in capturing the World-market after first capturing ours, a golden harvest for all their sacrifices and for the troubles which for the time they endured? And would our Free Trader contemplate this altogether with a light heart? Would he still trust to his arithmetical progression as regulating the rate of their advance, and of the time it would take them to defeat

us, fighting as we do only as isolated industrial concerns? Would he still go to his Rip Van Winkle sleep in the assurance that he would wake up to find his margin still secure? Had he been able to do so, our sugar industries might still have continued flourishing for a century to come, whereas the foreign bounties jumped them at a leap, and ruined them in a night. The great match manufacturing firm of Bryant and May, believed to be impregnable, was brought to its knees in an open fight in two years, and had the alternative given it of amalgamation or ruination. And the way in which it is done is so obvious that it needs only to be stated; it is *to make the extra profits realised by monopoly on a mammoth capital cover the losses incurred in detaching a portion of that capital sufficient in amount to ruin a rival industry (which must either make the ordinary rate of profit or succumb) by underselling it.*

What, then, do I propose should be done? As my limits of space are now more than exhausted, I must leave this important matter for another article.



## CHAPTER III.

---

### THE CONDITION OF ENGLAND QUESTION.\*

I PROPOSE in the present paper to make a few remarks on what may be broadly called the Condition of England Question, and particularly on those aspects of it which are of immediate practical importance to us at the present time. In discussing this matter I shall use other nations freely as foils, with the view of developing, by means of contrast and comparison, a clearer image of just how and where we stand in the new century on which we have entered, with its new methods, aims, and potentialities; taking as our standpoint, throughout, the *Political and Social Evolution of the nation as a whole* as the only point of view from which we can truly understand the present or form a just forecast of the future; and endeavouring, at the same time, to determine which of our difficulties are amenable to changes of opinion, and so are remediable by legislation, and which of them, if there be any, are so stiff and unyielding as to be practically unchangeable, and so, as being beyond the reach of political surgery, must be left as hostages to fate. This done, I shall then outline a scheme to meet these difficulties, or as far as possible to alleviate them.

Our subject naturally divides itself into the two great departments of War and Industry. Of the former I have

\* *Fortnightly Review*, January, 1908.

neither the knowledge nor the authority to speak, and shall confine myself, therefore, to the latter, in the hope that under it the various aspects of our national life which make up what we have called the Condition of England Question, will be found, before we have done, freely to range themselves. Of the historical background necessary to give perspective to what is to follow, only a word need here be said, and it is this. By the sagacity and skill of our early Kings and Ministers, and later, of Parliament, in alternately opening and shutting our ports to the foreigner; by Free Trade and Protection skilfully and judiciously applied in varying detail to the leading branches of our industry as circumstances required; by treaties of commerce made and unmade, and often enforced by our arms; England ruined in turn Belgium, the Hanse League, Portugal, Spain, and Holland, and grew and grew in industrial and commercial power, until she became at once the mistress of the seas, the arbiter of war and peace, and the provider of all the world by the products of her workshops and looms.

Sailing thus triumphantly on an open sea, clear at last of all hostile sails, and with no rivals to fear, she was then able to take her hand off the tiller, and to let the vessel drift, freely opening her ports to all the world, and inviting and even challenging them to come in; cutting her Government loose from all connection with Industry; hoisting her motto of "Laissez-faire" over the prow; and giving the Colonies notice to quit whenever they felt inclined,—the industrial sovereignty of her own little isle being sufficient for itself and a match for them all. This halcyon time lasted for just half a century. But now a new epoch of World-Industry has opened on us with the appearance in the field of rival nations who, creeping up stealthily meanwhile from behind their tariff walls, and armed with the most elaborate scientific devices and inventions, have inaugurated the new era of what we may call developed or *Scientific* Industry, as distinguished from the old

*Feudal Industry* with which it is now seriously to dispute the palm; the difference between the two being roughly this, that whereas feudal industry is mainly the product of the raw material of a country existing *within* its own domains, and the mechanical skill and knowledge that spring from it are a natural product adapted to it and limited in quality by it, as the wild flowers are by the soil in which they grow; scientific industry, on the other hand, is a highly developed product of special cultivation, engineered by vast aggregations of capital concentrated in a few hands, and dependent neither on the raw material of its own nor of any other particular country, nor on any merely local science, invention, or skill, but fully availing itself of them all, wherever over the wide world they are to be found.

And this brings us, without further preliminary, to the *nodus* of the question to which this article will be mainly devoted, namely, as to how England is equipped for this new stage of Scientific Industry into which the old Feudal one has so suddenly evolved. To answer this question adequately, none of the great factors that enter into it must be overlooked, for they comprise not only our material resources, but matters of government, of policy, of historical and social ideas as well; and, as we shall now see, a marked deficiency in any one of them will prove, when the race becomes keen, a severe handicap. A certain rough general equality among the competing nations in natural resources and facilities of one kind or another, and an adequate supply of accumulated capital are, of course, assumed; and this, of itself, puts out of the running our own Colonies as still too young and insufficiently developed, as well as all the minor States of the world. But this being granted, the conditions essential for industrial supremacy in the new age opening on us may be reduced to four:—

1. *Centralisation* of industrial power, whether in the hands of the Government or of private capitalists.

2. The spirit of *social* as distinguished from *political* democracy.
3. The *identification of the State* and its resources with the interests of Industry, as they have always been identified with the interests and defence of territory acquired by War.
4. The making of Intelligence and Knowledge as such in all their forms, but especially of Science in its application to the Industrial Arts, a twin-ideal with any other which happens to exist in the minds of a people.

Our first factor, a Central Controlling Initiative, is the primary condition of supremacy in Trade as in War, when once rivalry becomes keen—a controlling power that shall freely open up, develop, combine, suppress or transplant industrial operations as necessity demands, and mass them, as in war, at the points where foreign competition presses the hardest; whether this controlling power be a centralised despotic Government, or a small number of private individuals like the organisers of the great American Trusts.

For a *political* democracy as such, where the votes of a majority rule in all things, although it is the safeguard of individual liberty, and indeed of most things that make life worth living, is as great a handicap in a contest for industrial supremacy, as it is in war. Of all democratic Constitutions, perhaps that of America is in this aspect the worst. Had her laws been administered as they were intended by the framers of the Constitution, hardly any industrial or commercial enterprise could have reached beyond the borders of its particular State; and her industries, far from being a fighting instrument in the world, would have shown like a series of impotent scattered molehills; while without her tariffs even those would have been washed away as they arose by the flood-tide of English competition,—as indeed they were whenever the experiment was tried of pulling down the barriers that pro-

tected them. But it is curious to notice how private individuals, working each for his own hand, succeeded in turning the edge of the obstruction (the public winking the while), and did for American industry what the spirit of the Constitution and the strict administration of its laws would have forbidden. Free grants of land for railway and other purposes were the first beginnings of future industrial greatness; for these getting into the hands of a few individuals by Stock Exchange manipulation were used by them as a solid nucleus for their operations; the discovery of rich silver mines manipulated in the same way formed a second nucleus; and the great central emporia for the corn and cattle trade of the West were a third. These great balls of capital concentrated in single hands, then united their forces at this or that point, using their surplus in lobbying and bribing the weaker members of Congress and State Legislatures to get their further schemes passed, until at last, having crushed out all rivals either by underselling, by boycott, by threats, or by purchase, they formed those gigantic Trusts which now threaten to bombard the world with masses of capital compared with which the accumulations of Europe are as bullets to cannon balls. And having escaped in this way through the meshes of a political system which otherwise would have strangled it, American industry now comes before us as the representative of the most perfect form of industrial concentration yet known, namely, free controlling power and initiative vested in the hands of a few individuals whose personal interests are staked on the skill with which they are handled; and that, too, without any weakening of the Constitution, which can at any moment put its finger on the stop and attune this enormous power to the general welfare, should self-interest ever prompt it to overstep it. As for Germany, our only other serious rival, the central control of the Emperor, which is so effective for purposes of war, is robbed of half its force for the direction of industry by the financial power of his Parliaments, while the mere existence of that control makes a perfectly free

hand on the part of individual capitalists impossible. Russia, again, in spite of her absolute political centralisation, and the power of the Czar to initiate and carry through industrial as well as political reconstructions, is still a raw, undeveloped Cimmeria with rapidly growing, but as yet vague and unknown, industrial potentialities.

And now, if we ask how England stands in reference to this first prerequisite of industrial supremacy, namely, the *centralisation of industry in the hands of either the Government or of private capitalists*, we shall be obliged, I think, to confess that she is more severely handicapped than them all. The King has no power either of initiative or interference, neither the full power of the Czar, nor the modified initiative of the German Emperor; Parliament cannot easily be "lobbied," nor can the committees on private Bills be bribed like Congress and the State Legislatures of America; and the House of Commons is composed almost entirely of capitalists massed in groups as representatives of a few great rival interests—land, railways, manufacturing, mining, banking, shipping, and so on—each with its collaterals strong enough to entirely block all central legislation initiated by the Government with the object of coercing, combining, or reconstructing them in any single great national industrial design. Outside of the walls of Parliament, again, there is no single body of capitalists, as in America, capable of buying out rival interests where it is unable to crush them, and so of reconstructing the industrial world after its own dreams—neither railway magnates, nor mine owners, nor ship owners, nor manufacturing Trusts—but all alike mutually balance while they block one another; while the landed interest is so deeply entrenched in parchment and entail, as well as in the sentiments of the people, that the attempt to fundamentally interfere with the land for industrial purposes while the House of Lords as at present constituted blocks the way, must be foredoomed to failure. And hence it is that as neither the State nor private capitalists can create a central organisation of industry; in this,

the first pre-requisite of industrial supremacy in a world-struggle in which, as in a pitched battle, the nation who wins takes not merely its share of the spoil, but, as in an encounter of rival stags, takes all, we are very seriously handicapped.

The second essential for industrial supremacy under the new conditions is the *spirit of Social as distinguished from merely Political democracy*. In itself, as we have seen by the example of America, political democracy is a direct drawback to industrial ascendancy; nor are the mere race qualities usually found among people with representative institutions, such as personal courage, steadiness, and character, sufficient to counterbalance this, unless, indeed, they are exercised under conditions which breed energetic initiative and which open out wide ranges of expansion to the individual mind. But these are only to be found in burning *social* democracies having "Liberty and Equality" as their watchwords, as in the revolutionary period in France, where, at the outset, and before a new hierarchy had time to be created, not only every soldier carried a marshal's baton in his knapsack, but every *sans-culotte* a possible Government portfolio, and where, in the universal delirium of expansion, no design was too colossal for the imagination to conceive or the hand to execute, a spirit whose terrible energy, impossible under all the older *régimes*, carried the revolutionary banners from the Pyrenees to Moscow. And it was this personal elasticity, buoyancy, energy, and initiative of the "Liberty and Equality" preached by Rousseau, which, transferred to the virgin soil of America, and turned there to industry instead of war, have developed that alertness, resourcefulness, and world-storming industrial daring which are at once the wonder and admiration of the mercantile and industrial world. Germany, on the other hand, it is needless to say, has none of this cloud-compelling intrepidity, nor could her stolid phlegm be whipped to it by any process yet known. Owing to the Slavonic strain incorporated from early historic times in nearly all the German blood, except, perhaps, in the regions

bordering on Switzerland and France, there is a softness, a tameness, and want of "go" in the national character, a passivity and obedience ingrained by centuries of serfdom, which not even the trumpet blast of the French Revolution calling on them to arise could awaken into reaction, and which forbids the hope for many a long year of a real *social democracy* as distinct from the abstractions and dreams of a *democratic socialism*. And although we shall see later that she has so highly developed other qualities necessary to industrial supremacy as to largely neutralise her deficiency in these, still the practical personal alertness and energy bred in favoured races by social democracy, and required for industrial success, are in Germany yet to seek. And now, how does England stand in this connection? Not altogether satisfactorily, it must be confessed, for while her *political* democracy is, as we have seen, rather a detriment to her than otherwise in the race, she has, curiously enough, none of the *social* democratic spirit which would help her to make good her deficiency. On the contrary, hers is the most perfect type of a social aristocracy in the best sense of that term which the modern world has yet known. There are no absolute exclusions anywhere, as is still the case in the old feudal *régimes* of the Continent, nor are there any gaps so deep between her different classes as not to leave points of contact with those below them, but, as in the rungs of a ladder, each is easily accessible from stage to stage. But although this has proved most admirable for the development of her own proper qualities of order, freedom, stability, justice, and personal liberty, it does not fire the blood to great enterprises as in a country where all avenues are alike open to all, from office boy to millionaire, from the log cabin to the Presidency. For wherever you have a system of caste resting on birth or occupation, however elastic it may be, there the shadows fall; and men rarely aspire or range beyond the circuit which has been cut out for them as the limit of their predestined flight. This once reached, they no longer have the disposition to tax



their energies farther, but, slackening the pace, sit down contented for the future to enjoy rather than to work, or to think and act only in the grooved routine which, by tacit understanding, society has prescribed for them. This reaches its extreme in the caste of the East, but is present in all social aristocracies, and is still, to a certain extent, true of England; and in so far must, when the race becomes keen, be a bar to her industrial success.

The third essential for industrial supremacy in this new era is *the identification of the State and its resources with the interests of industry, as with those of territory acquired by War*. This, as I have shown elsewhere, was always the policy of our Kings and Statesmen from the earliest times until the era of Free Trade fifty years ago; and it was by the rare skill and sagacity with which through the centuries they steered our trade through the hostile combinations that otherwise would have wrecked it, that England reached the industrial supremacy which she has so long enjoyed. And so long as she can keep her supremacy in the great staple manufactures which have made her fortunes, she can continue to enjoy Free Trade without, on the whole, any serious detriment to herself. But for other nations to claim this royal prerogative while England is still supreme, or for England herself to think that she may still keep it now that the foreigner is closing in around her on all hands, is a generous but foredoomed illusion. America tried it several times after the War of Independence, but so speedily on each occasion were her infant industries brought to the verge of extinction by the cheap products of the English looms, that she was obliged to promptly put up her barriers again. Germany, France, and Russia all tried the same experiment at one time or another, but with the same result. And when, in the year 1860, England finally embarked on an out-and-out Free Trade policy, she deliberately cut the last thread that bound the State to the interests of industry; and now that the sea is once more covered with hostile sails prepared to dispute

her supremacy, instead of reaching for the tiller again, she affects to ignore them and continues to lurch about at the mercy of wind and tide. Now, this curious reversal of the consolidated experience of mankind in the matter of trade, with all the possibilities of disaster that it involves, must be laid at the doors of the academic Professors, their younger disciples in Parliament and on the Press, and the old exponents of the doctrine of Free Trade surviving from its early days; and its origins, as we have seen, are to be found in the confusion of thought bred of an old, dead metaphysical economy, and in the long tenure of our supremacy which has led to the belief in its indefinite continuance. My excuse for reverting to the question here is its vital importance; for so long as Free Trade is accepted as the true *principle* of trade under any and every condition, the ghost of its withered form will continue to haunt the Legislature, and not only confirm the Government in its illusion of refusing to identify the State with the interests of industry (thus blocking on the threshold every attempt to co-ordinate and regulate the course of trade), but will, as we shall see, vitiate every step taken in our Foreign and Colonial policy also.

To sum up my objections to the whole doctrine, I would say that, in my judgment, it confounds the conditions which *facilitate* trade with those that determine the *continuance* of trade. What the Free Trader says is, that all buying and selling must benefit *both* parties alike, otherwise there would be no deal; that this mutual benefit will be all the greater the more easily the exchange is effected, and will, therefore, be greatest of all when all artificial barriers whatever are abolished; much in the same way as it would be if all the distances over which goods have to be carried were annihilated, and exchange could take place now and here. This being granted, for it is quite indisputable, it would seem to follow that it would make no difference whether we supplied all the world with goods or all the world supplied us, for, as the *Spectator* puts it, "it is

essentially as blessed to buy as to sell." And from this the strange conclusion is drawn that if we will only not interfere with the beneficent process of exchange by putting on tariffs which, like irritating grains of dust between the wheels of a watch, tend to interfere with it at this or that point, or altogether put a stop to it, it will, like a perpetual-motion machine, go on indefinitely, and we may rest quietly in the sure knowledge that all will be well. In other words, we are taught to believe that if we only make the process of exchange smooth enough, we may count on the indefinite continuance of trade. Now, here we must walk warily, for the very *nodus* of the problem, it is evident, consists in the continuance of trade, and not in the benefit both parties receive from each separate transaction. It is as if you should say that because, so long as a locomotive continues to run, each side of the piston which drives the wheels receives the benefit of an *equal* amount of steam, therefore, if you will only grease the piston and the wheels *sufficiently*, the locomotive will run on indefinitely or for ever! With the Free Trader, that is to say, the greasing of the wheels is all; and as for the Editor of the *Spectator*, he is so convinced and enamoured of this connexion between the greasing of the wheels of exchange and the continuance of trade by this means alone, that he boldly affirms his readiness to stake the whole doctrine of Free Trade on its truth!

Now, in reply to this, I think my readers will agree with me that in the case of a locomotive there is something more essential to the continued running than even the greasing of the machinery and wheels,—namely, the stoking it with coal! Our next question then is, where the coals are to come from? If we take England as an example, with her land going out of cultivation, and two-thirds of the population having to be fed on foreign corn, it is evident that the stoking can only be done from the *sale* and exchange of the produce of our manufactories and mines.

The main point then is, how long will these sales *continue*?

To this we reply that with our ports freely open and the wheels of exchange fully greased, precisely so long as our staple manufactures cannot be *undersold* by the foreigner, first in neutral markets and at last in our home market—and no longer. When our manufactures are undersold in neutral markets, our locomotive will slacken; when they are undersold in our own, it will stop altogether. For with our mills and mines closed down, we cannot stoke our engine ourselves, and having nothing now to exchange with the foreigner for doing it for us, he, too, after we have paid him for it out of our capital until it is all gone, will cease to do it; and England, ruined like Genoa and Venice, Spain and Holland before her, will have to return to her fields and sheep-walks, and sink to the obscurity and dependence of a second-rate Power. And yet at each point in the process, and until the last act of exchange shall have brought the trade to a stop, both sides, if it be any satisfaction to the Free Trader to know, will have been mutually benefited. But there need be no mystery in it all, for how does the Free Trader imagine we came by *our* industrial supremacy, except by being able to *undersell* the foreigner in the markets of the world? I have said that the theory of Free Trade was a product of dead metaphysics, and now the reader is in a position to see why. For the fallacy of the Free Trader is the old fallacy of Zeno, who, if you were prepared to grant him that a flowing line was made up of an infinite number of separate and isolated points, would prove to you that the hare could never overtake the tortoise! Now, trade is a flowing thing, a question of *continued movement*, of dynamics, and its laws can never be seen by regarding it statically as a number of *separate* exchanges, with however little friction these exchanges may be effected. Being a thing of continued movement, trade always requires a *force* somewhere in the background to keep it going, like our locomotive its coals; and it is Industrial Supremacy alone that can confer this force. Free Trade, on the other hand, is a negative thing,

a mere removal of friction, and has no force or life in itself for continuance. Let the Free Trader, therefore, when his engine threatens to come to a standstill, cease going round and round it with lantern and grease-pot in hand, and let him look rather to his supply of coals. The madness of the old perpetual-motion schemers consisted in forgetting the gradual loss of force which the friction of the wheels of their machine involved; the new perpetual-motion schemers have fallen into the opposite delusion of imagining that if they only get rid of the friction, their machine will go on of itself for ever! But is there any certainty, it will be asked, that our great staple manufactures will ever be undersold? Not necessarily, and certainly not as yet; but with America and Germany confronting us, manufacture for manufacture, with equal natural resources, and prepared, as in the case of America, to bombard us with giant capitals compared with which ours are but, as we have said, as bullets to cannon balls, does the Free Trader, with our ruined agriculture, with the possibility of our mills closing down, and with forty millions of people to feed in case of disaster, himself feel so absolutely secure?

The reason I have returned to the question here is, that so long as Free Trade, in its function of greasing the wheels, is regarded as the *sole* condition for the prosperity of trade, all attempts to get the State to identify itself with the interests of Industry, as it does with War, must be hopeless; and for this simple reason, that having freely opened our ports we really believe that we have done *all* that is necessary, and that, therefore, the best policy of the State is now to leave it absolutely alone to run of itself; like those "Peculiar People" who, believing in all simplicity that Providence does all in disease, will themselves do nothing; or those faddists who, believing that Nature does all, will equally do nothing. And with result—what? Two hundred and fifty millions cheerfully given to shoot the Boers for the acquisition or defence of territory, to end in our allowing the Americans to walk in and

take all they can get on *equal* terms! We might just as well have conquered the Philippines for them while we were about it, and then retired for them to enter in. Ships and armaments to protect some petty territorial possession not worth keeping, but not a penny to assist the greatest industrial designs without which, indeed, there will soon be no armaments with which to protect ourselves. Imperialism in the abstract rampant, and yet the Colonies beseeching us to form a closer union with them commercially, and making the first advances by cheerfully offering us the preference, but we, catching sight of the uplifted warning hand of the Free Trade spectre, coldly turning away. Parliament consenting to the abolition of the sugar bounties after looking on the slow decay of the West Indian Colonies for thirty years without a sigh, but on sight of that dead hand, nervously anxious to prove that the abolition did not violate the principle of *real* Free Trade. The land of this country going to decay and farms deserted, but landlord and farmer alike hypnotised by this evil eye, humbly submitting to it all as an ordinance of fate. And all from what? From this dead metaphysical ghost of Free Trade, which haunts the portals of the Legislature, and with its forbidding hand arrests and petrifies all who would pass it.

And the worst of it all is that the people are being deceived. It was not for some *cosmopolitical* gospel for the benefit of all the world that these millions in all loyalty and trust gave their allegiance to their teachers and guides in this matter of Free Trade, but on the understanding rather that it was to be a strictly *national* benefit. They did not take in that the Free Trade argument was as if you should say that because when some great tradesman ruins all the smaller shopkeepers in his vicinity by underselling them, the nation is not injured, therefore, if other nations should undersell us it would be just the same thing, and we should be none the worse. But the most clear-headed of the Free Traders, Mr. Hobson, to his honour be it said, has left them under no illusion on this point;

for on being challenged he boldly told them that if they meant trade to be of purely *national* benefit, and not the international benefit at which he himself was aiming, they had better either be prepared to take control of the organisation of industry by the State again, as before the era of Free Trade, or to put on at any moment Protection swift and effective, to escape ruination; for that if a merely national interest was their aim, Free Trade was likely to prove a will-o'-the-wisp that might one day land them in the bog. And these millions will have a rude awakening when they find that in economics, as in life, nations do not *share* the spoils with the vanquished according to the measure of the stake which each pledged before the contest, but that the nation that wins takes all.

And this brings us to the consideration of how England stands in reference to the fourth and last pre-requisite for industrial supremacy under the new conditions, namely, *in the making of Intelligence or Knowledge, as such, a twin ideal in the national life*, either with money, as in America, or with feudalism and caste, as in Germany. Now, in this regard we may, I think, fairly say that in no empire or nation since that of ancient Rome, unless, indeed, it be Spain, has the want of admiration or regard for intelligence and knowledge, as such, reached a lower depth than in England; and that, too, as a direct result of those very excellencies which have made her the mother and home of liberty, of personal freedom, of orderly government, and even, paradoxical as it may seem, by means of these, of the advancement of knowledge itself. But in the present day of developed or scientific industrialism this disregard for intelligence is as deadly in its effects on the future of the Empire as that spectral hand of Free Trade itself; and with this addition, that whereas false views of trade *are* amenable to reason and knowledge, the traditional ideals of a nation are not; and he, indeed, will be a political magician who can exorcise them. It may be all summed up in the now classic phrase in which General Ian Hamilton condensed his con-

clusions before the Committee of Inquiry into the unsatisfactory condition of our military schools: "It is not good form to be keen"—a text which, for its pregnant brevity and significance, may well be written up with the parallel one from Dante over the gates of the Inferno: "Let all who enter here leave hope behind."

Now, as to the cause of this most strange of all anomalies in the modern world, and especially in a nation that literally lives by its industry, it is to be found in the difficulty, nay, almost impossibility, of the human mind entertaining *with equal regard two opposite ideals at once*. It is true that in America the regard for intelligence and knowledge, as such, has grown like a flower from its baser roots in the twin ideal of money; but that is because keenness, alertness, smartness, and rapid assimilating power are precisely the best *means* for reaching that ideal, in the same way as in feudal times feats of arms and chivalry became a twin ideal with noble blood and knight-hood because they were the best means of attaining these. In Germany, again, where Serfdom for many centuries reached its lowest depths outside of Russia; where the great magnates of the Church were independent princes; and where the Universities have always been the centres from which issued all the great movements, whether in thought, religion, or politics; Knowledge and Learning, as such, have always occupied a place of almost coequal authority with feudal rank and title themselves; so that when the nation, since its incorporation by the Empire, entered on the race for industrial supremacy, it got its inspiration, its methods, and stimulus, as it had its politics and religion, from *above*, as it were, and not, as in America and the Colonies, from below. The consequence was that when it wanted to know how best to compete with a new industrial method, or how a particular product was to be obtained and utilised at the least cost, it called to its aid the University professor and the scientific specialist, and not, as in America, the born inventor and practical organiser, "the



Connecticut man." And the University professor, with his infinite patience, his systematic methods, and his cheerful passivity, was as willing to devote his life to these pursuits as to the investigation of the evolution of a gnat, or the origin of a Greek verb or particle. And hence the Germans must ultimately prove most formidable rivals to the Americans in a neck-and-neck race for industrial ascendancy; for here you have the scientific process, the minute investigation and calculation, the genuine thing; and it will take much "hustling," much of the alertness and practical organising power of the Americans to cope with the laboratory processes of these minute and indefatigable workers.

But in England it would be as difficult to engraft the ideal of Intelligence and Knowledge on her present high but totally different ideal, as it would be to engraft the ideal of the Orientals on those of Western progress. And the reasons for this, again, are not far to seek, but are to be found in the unbroken continuity of her historical traditions. With a population of the best-tempered metal, with none of the softness of the Slav in its composition and with just enough of the Celt to give it plasticity, England was for many centuries cut off from foreign disintegrating influences by the sea; and was allowed to weld her original heterogeneous elements into almost a pure homogeneity through longages of internal peace. There has been no grinding oppression of one class by another, as in France and Ireland, to keep open the deep-seated cleavages of race, sentiment, or interest, and in consequence no great revolution to permanently divide the nation; the passing Puritan revolt, which originated rather in degrees of religious tension or fervour, and which swiftly ran through its gamut of Presbyterian, Independent, Baptist and Quaker notes as in a musical scale, becoming politically acute only at a single point, and being rapidly absorbed into the old political unity again; until by the time of Burke, and before the appearance of Whitfield and Wesley, it had almost disappeared as a serious dividing agency,

till revived by the Education Bill. The land-owning Aristocracy, supreme from the beginning, and the guides and counsellors of the people both in peace and war, have all along been patterns of paternal and patriarchal rule, living on their estates and keeping all classes closely in touch and bound to them in successive ranks and circles of political and social infeudation. No gaps existed between these classes too deep to span, but each was in touch with that above it, and capable of rising into it; while the clergy, except during the Puritan crisis, everywhere reinforced the authority of the landlords, upheld their honour and prestige, accepted their ideals, and inculcated obedience and reverence to them as to the King. In this ancient, homogeneous land, Modern Industrialism shows but as of yesterday; and the great towns which have grown up under its attraction, being perennially recruited from the country, have never been able altogether to escape from the encompassing atmosphere of the Castle and the Hall, and being still but annexes of the counties, have always been animated and moulded by their sentiments and ideals. These ideals are purely feudal in character—hospitality, sport, chivalry, honour, integrity, *noblesse oblige*, and the cult of the “gentleman”—a consummate flower of feudalism, as it were, realising that at which other ages have only aimed, and purged of the grossness, barbarity or cruelty which disfigured it in other lands; standing unchanged and all of a piece, harmoniously modelled and proportioned like a Greek statue, chaste, polished, and with a classic dislike of excess in all things, avoiding both the grossness of the German and the elaborate artificiality of the old French *régime*—a feudalism transfigured and refined.

After this classic model, streaked but not altered in form by veins of Puritanism, the entire nation has formed its ideal, in the same way as the Scotch since the times of Knox have formed theirs on that of the parish minister, with his devotion to hard thinking and admiration for things of the mind. Now, it is evident that on the surface of this polished image

of sublimated and transfigured feudalism, mere intelligence or knowledge, as such, can find no crevice in which to take root (except, perhaps, along the veins of Puritanism), but must fall off it as from the surface of a mirror. Mr. Benson expresses this quite naively when, speaking from his experience as a tutor, of the atmosphere of the Universities and Public Schools, he says, "Intellectual things, to speak frankly, are not fashionable." And where intellect, science, and knowledge, as such, are not ideals, or where, as he also admits, they are openly flouted or contemned, it is inevitable that the great body of the people will cultivate them only in so far as they minister to their private ends, or round off some accomplishment needed in special spheres, and will be quite satisfied with only so much of them as, like household bread, will serve them for the day that is passing over them; while the intellectual men themselves feel the presence of this indifference as a pall. Men of genius are, of course, found everywhere, and nowhere more than in England, but they count for less in public estimation, authority, and repute than perhaps in any other civilised land. The consequence is, that only just as much knowledge is demanded, even in the most important services of State, as is consistent with the national ideal of the "gentleman" and amateur. In the Army, as we have seen, it is "not good form to be keen"; at the Universities and Public Schools intellectual things are not "fashionable," and football and cricket have taken their place; while the scions of the great commercial, manufacturing, and industrial houses on which the industrial supremacy of England rests, lie so closely on the fringe of the aristocracy that they become infected by their ideals, and, taking to their yachts and hunting, cease to keep in touch with the industrial enterprise of the age; their subordinate managers, meantime, being of a lower social grade, not being thought worthy of the encouragement necessary to make good the growing slackness of their principals. The consequence is that intelligence, as such, is nipped as by a

chilling blast just at the point where otherwise it would become effective as a differential force in the coming conflict of the nations for supremacy—a conflict where all our talent must be sought out and kept at white heat if we are to stave off disaster. A further consequence of this national indifference to intelligence and knowledge is, that great intellectual designs in all walks of life, if they require either financial or moral support, are starved or frost-bitten from their birth; and this deadly blight usually chokes off before middle age all but the most robust and resolute spirits. Even the Royal Society, the pride of British science, if it has any large and necessary work in contemplation, is often so cramped for want of funds that it has to “pass round the hat,” and when the public are slow in responding, cheerfully accepts a donation from Mr. Carnegie, the pinched result at best being blazoned as a triumph of our English way of doing things by “voluntary effort.” The highest honours of the State are given to the successful generals, but to the inventors of the guns and scientific weapons that made their victories even possible, nothing more than is within the easy reach of the successful tradesman. Two hundred and fifty millions, as we said, cheerfully given to shoot the Boers, and not a sixpence for those scientific researches which at no distant date must decide the question of our supremacy, or indeed of our very existence as a first-class power. It is part of the madness that inheres in the core of every solitary and fixed ideal which can admit no other beside itself; and in an age of industrial supremacy only wants time to make its influence on the future of industry as paralysing as that of the Koran itself.

Now, my reason for dwelling on all this with so much insistence is that it is so important for the world and for humanity that England, with the precious jewels she carries and dispenses, should not be degraded to the rank of a second-rate power by the loss of that industrial supremacy which has given her her present position in the world. Her high code of

honour, industrial and national, her sense of justice and fair play, her supreme merits as a coloniser, her skill in the management of inferior races, and, above all, her humanity, compared with which that of the best Continental nations shows like cruelty or brutality, are a precious possession and model which the world ought not to willingly let die. America and the Colonies have inherited all this, of course, direct from the Mother-country, and, except where the curse of mixed races prevails, have improved on some aspects of it; but they are still inferior in those attributes which require for their perfect fruition a long course of special cultivation and of strict tradition continued through centuries; and were England wrecked by industrial defeat, they could not in these particulars easily take her place.

What, then, is to be done, it will be asked? If our diagnosis be correct, the treatment will be manifest to the man in the street without prompting, and may be digested into the following scheme. In the first place, as Free Trade (as an absolute principle) is our most immediately pressing enemy, let the State again grasp the tiller of Industry, and be prepared to reverse this policy the moment our most vital industries are really threatened, treating the fifty halcyon years of our supremacy, under its careless and easy drifting, as if they had never been.

And now to summarise my reasons for this opinion at the risk of some repetition:—

As a speculative doctrine Free Trade must be thrown out:

(1) Because it ignores the teachings of history as to the industrial rise and fall of States—Venice, Genoa, Spain, Holland, and the rest; ignores the skilful arrangement of tariffs which originally gave us our supremacy; and ignores both the beliefs and practice of all other civilised States.

(2) Because in itself it is a product of dead metaphysics, and proceeds as if dealing with a machine at rest instead of a machine in motion. It regards Industry as an infinite

number of isolated exchanges without the force to weld them into a continuous movement, and imagines, therefore, that if you can only reduce the *difficulties of exchange* to a minimum by the entire removal of tariffs, you will by the same operation get the *force* required to keep the whole in continuous motion,—a most subtle and dangerous, and, in the end, fatal want of insight.

(3) Because, holding as it does that in all separate exchanges both parties benefit alike, and that the nation in consequence that supplies the world gets no more benefit from its separate exchanges than the world which it supplies, it jumps to the conclusion that no admission of the products of foreign capital can hurt us, whereas the truth is that, like standing armies when they march against each other, capitals engaged in *the same trade* fight until one extinguishes the other, as the rays of the sun the heat of the fire, and all the more quickly the more the absence of tariffs enables them to come to close quarters; the process of underselling ruining nations in trade, as pitched battles do in war.

As a practical doctrine Free Trade must be thrown out :

(1) Because it is true only for those favoured nations that have already *attained* industrial supremacy in some great staple article of world-demand.

(2) Because, it is a *cosmopolitical* doctrine, not a *national* one; a millennial doctrine for the time when all nations shall be friends and brothers, and where it matters little which is supreme, as all alike will share in the fortunes of all, and not for an age like the present, when each nation, like Hal-o'-the-Wynd, is fighting for its own hand.

(3) Because, in so far as the imminency of the danger is concerned, giant capitals in single hands are new inventions, like that of the Armstrong gun in war, and in an industrial contest are as superior in efficiency, as I have said, to an equal amount of lesser capitals dispersed, as cannon balls to an equal weight of bullets.

(4) Because in industry, as in war, the nation that conquers in a pitched battle takes not merely its *relative share* of the spoil, according to its capital invested or men engaged, but takes all.

If, pending discussion of them, we assume that these arguments against Free Trade as a principle are valid, we should not necessarily rush to put on tariffs all round on the ruck of petty industries, or indeed to put them on at all until necessary, but only be prepared to concentrate, as in war, on those great vital industries, like cotton, iron, and coal, in which to be undersold in our own home, as well as in foreign markets, would spell ruination, but which if protected would still be a mighty asset for ourselves, if not for the world.

As for our second great drawback, namely, the absence of Intelligence and Knowledge from among the ideals of the nation, this is as impossible to alter as the religion of a people; for ideals are the hostages that all nations give to fate. Throughout the entire course of civilisation I know of no nation that has gone down but has gone down hugging to its bosom all the more closely the ideals ingrained in its history—the Jews, the Greeks, the Romans, the Spaniards, and the Orientals generally; and when the time comes for the Turk to go too, he will go carrying his ideals and his religion with him. With nations still flourishing, independent, and free, the most that can be done, when their ideals become unsuited for a new era of world-history, is to try, by a process of engrafting and mental interbreeding, to get the variation required,—as was done, for example, when the Jewish conception of God, as modified by Jesus, was engrafted on, and literally bred into, the pagan world. And in the present day, and in a country like England, where it is essential to preserve the continuity of her historical ideal, so necessary for order, for stability, for justice, and for individual liberty, the only way is to make the qualities essential to the new ideal the *means* for realising the honours of the old one—not disturbing the old, but allowing

the new to exist side by side with it, and gradually to interpenetrate it. And for this we should require—

(1) Men of marked originality and energetic initiative in every department of life, practical and speculative; discoverers, organisers, inventors, technologists, scientists, men of historical penetration and speculative intelligence, and all the real teachers of the people, winnowed and drafted from the Universities and schools and from the nation in general wherever found—a very beehive of original workers; *not* mere scholars or echoes, pedants, encyclopædists or prize-winners with engorged memories, who may be left to the ordinary school-masters, tutors, and other devotees of routine existing outside—and all set to work on special problems of larger or smaller compass, according to the range and character of their powers.\*

(2) Premiums put on the services of all the great men who, in their different walks, are attached to this Government Service, with honours, distinctions, emoluments, rank and authority, parallel to those of the other men of rank, position, character, and authority who now represent the national ideal, but who, not being “keen,” must be left outside the new Service, or be gradually engrafted on to it.

(3) A table of *social* precedence remodelled to embody this scheme and drawn up under the authority of the Crown; for without this, indeed, in a country like England, where social precedence is the very soul of the transfigured feudal ideal of the nation, all else would be in vain.

(4) The principle of *gradation*, with innumerable rungs and stages from bottom to top, to be applied everywhere; with no gaps but those created by genius itself as crown and summit of each department; the nation to be sifted for this wherever it is to be found, as Mr. Pierpont Morgan is said to sift the younger men for the lieutenants necessary to his designs.

(5) The Press, so organised as to be the focussing point of

\* For the organisation of this, see the chapters on “The Bible of the Nations” and “National Education” in vol. iii. of my *History of Intellectual Development*.



the intelligence of the nation on the one hand, and the people at large on the other; selecting those whom it regards as the real leaders of the nation on either side by an informal consensus, and so gradually transferring the *initiative* in all public policy from the old ideal, with its quasi-sacred official Parliamentary representatives—whose training has taught them that too much knowledge is “bad form,” and whose boast it is “not to know”—to the men whom the new times demand. To the Press we would give also the keeping well in hand of the specialists, faddists, dreamers, and unpracticals, on the one hand, and the wind-bags, the mob-orators, and the multiform deluders of the populace, on the other. And all this with an open arena, and “devil take the hindmost!”

In this way, by giving precedence to Knowledge in all those departments of the national life in which it is the controlling factor, and by gradually marrying it to the old historical ideal of a refined and modernised feudalism, the nation might still keep its old supremacy without breach of historical continuity or the loss of the most valuable traditions of the past.

## CHAPTER IV.

---

### FREE TRADE, PROTECTION, AND PREFERENCE.\*

I PROPOSE in this, the fourth of my series of articles on Free Trade, to direct attention to the practical rather than the theoretical aspects of our subject, and, taking advantage of Mr. Chamberlain's invitation to discussion, shall make the scheme which he has submitted to Parliament the central point from which the whole is to be surveyed. But before doing so, and especially as Mr. Balfour has suggested that the question should receive as scientific a treatment as possible, I desire to point out at the outset that no discussion of it at the present time can hope for the least success, or be bestrewn with aught but the most dangerous pitfalls, unless two at least of the most subtle and widespread illusions in connection with it are removed from the background of the public mind. The first seems to be practically universal, being held alike by Protectionists and Free Traders, by the Press, and by the orthodox Economists of the schools, and runs to this effect, that however possible it may be that in the future some measure of Protection may be necessary for our industries, owing to the walls of hostile tariffs that everywhere surround us and hem us in, it still holds true that if *all the world* would only embrace Free Trade, not only would the world in general be benefited, but *each nation* composing it would participate in that benefit and be a sharer in its prosperity. Now, this I categorically deny,

\* *Fortnightly Review*, July, 1903

and assert, on the contrary, and shall now attempt to prove, that were Free Trade to be embraced by the world to-morrow, only the *strongest* industrial nations would be benefited, while the weaker, far from participating in their prosperity, would be crushed out all the sooner, sucked dry by their stronger rivals until nothing was left of them but their skins. Now, here is a definite issue, but if I am right, how, the reader may ask, do I account for a whole nation being under so great an illusion, and for its being so long and so persistently deceived? I will answer at once, by giving him the connection of the subtle threads of assumption that make it up, and he will judge for himself. Trade, it is said, is in its essential nature a peaceful thing, and as both parties are alike benefited in every transaction, otherwise they would not exchange, it follows that there *can*, in the nature of things, be no warfare in trade except the tolls, tariffs, and other barriers that are raised to impede it. This is the first assumption, and from it there follows further, and also as a necessary consequence, that, unlike war, not only the more trade there is the better, but if each nation or individual will go on producing all it can with the material at its disposal, not only will the world in general benefit by the increase, but provided that all tolls are removed and ports are kept freely open, this benefit, like a fertilising stream poured on level ground, *must* diffuse itself equally over all the nations and peoples, *in proportion* to their existing productive powers; and, further, that exchange being free, all oscillations or disturbances that may occasionally arise here or there must be self-balancing, and, like the waves of the sea, when rocked by a sudden breeze, will speedily right themselves again; the crests and ruffles, as they become calmed, quietly diffusing themselves over the whole surface as before. And from this it is concluded that if each nation will only go on producing that for which it is best suited, and will remain steadfast in the faith and practice of keeping the ports and avenues of exchange and communication open and free, it may

rest in security and have no fear of ever coming to grief. In other words, absolute *freedom* of trade among all nations would be tantamount to the *continuance* of trade prosperity among them all, in proportion to their productive powers. Now the above, I think, is a fair *résumé* of the underlying assumptions of the public faith, which may be read every day of the week in the Press; and the fatal thing about them is that they seem so simple, and sound so true. If, therefore, I can dispose of them here and now, the back of the Free Trade position will be effectually broken; for in them, all its fallacies lie concealed.

Now, the first thing we have to remark about this chain of assumptions is, that if true at all they are *abstract* truths, truths of industry in the abstract, of exchange in the abstract, of production and consumption in the abstract, of mankind in the abstract, and so correspond in their way to the pasteboard "economic man" of the old Political Economy. But now we must bring them down to the concrete, so that they shall correspond to the actual facts of the world, and consider them as operating between nations anxious to preserve their individuality as political units, and everywhere striving to protect and aggrandise themselves if necessary at the expense of the other nations, rooted each in its own geographical locality, with its own particular climate, soil, and natural productions, and each more or less specialised in the kind of things it can profitably produce for exchange with the rest of the world—some, corn and foodstuffs, others fruits, others wine, or oil, or tobacco, others minerals, timber, or other raw materials, and so on. And now, if we start these nations trading with one another, what shall we see? The first glance will show us that, as between the sexes, it is only between *opposite or complementary* productions and commodities that a fruitful exchange beneficial to both parties takes place, and therefore only between the countries that produce them; between corn and food-growing countries, and those whose speciality is manufactured goods; between the wine or fruit-growing and the corn-growing; and

so on ; and not between those mainly or wholly engaged in the production of the *same* class of commodities, between whom, on the contrary, all is rivalry and warfare, as between jealous lovers suing for the same hand. So that, instead of all the world exchanging merrily with each other, and each, like a promiscuous dance of holiday-makers on a village green, getting its full share of all the kisses and favours that are going, regulated exchanges only go on, as in a ball-room, between *opposite* partners drawn up in regular lines. Or, to show its tragic side more clearly, the trading world may be compared to a country intersected by streams, to the opposite banks of which the nations, like Indian trappers, repair to exchange their wares, and where the peaceful exchange on which the Free Traders love to dwell, takes place only between those, be it observed, who have actually *arrived* there. But arrived how? Bloodstained with the dead rivals they have had to extinguish on the way, whose bones line the trail as those of camels do the route of an Eastern caravan, all perished before they could arrive ; but all lying, unseen by the eyes of the spectator, in the background and interspaces of the streams, like the heaped-up piles of dead gladiators that filled the pits in the rear of a Roman amphitheatre. There is not a corn exchange in the world where the arrival of a peaceful bidder from a new and unknown land might not, by the figure he quietly chalks on the blackboard as the price at which he is prepared to sell his corn, reduce whole countries to permanent ruin and starvation. The lively exchange that goes on across the counters of the great retail stores in the leading thoroughfares of London and other great cities, and which looks so peaceful and satisfactory to all concerned, conceals its holocaust of victims ; for it has been built up too often on the ruin of whole streets of surrounding shopkeepers. The exchange is between the public and the *prizewinners* only, all the rest being drained of customers or obliged to close. Now, it is here, if the Free Trader will consider it, that the *warfare* comes in, in

that peaceful idyllic picture of his in which, if you will not put up hostile tariffs, trade, being fruitful and peaceful in its essential nature, *can* contain in itself none of the destructive elements of war. Of course, it does not matter who loses or who wins in the contest between rival shippers, manufacturers, wholesale men or tradesmen in the *same* country. It is part of the game, and however it ends the country as a whole is no worse off, but probably better than before. But apply it to rival nations, with ourselves as one of the combatants concerned, and unless we can complacently assure ourselves that we must be the winner, how then? And this brings me within sight of the point at which I am driving, namely, that the more *free* the trade, the more open the communications, and the fewer the tariffs, the more swift, decisive, and complete is the ruination and defeat. Instead of its oscillations, when left perfectly free, diffusing and propagating themselves and the benefits they bring equally, like the waves of the sea, over all the nations engaged, and leaving each as secure and fixed in its place as the buoys that rock themselves in even swing from trough to crest on its smiling waters, the truth is exactly the opposite. Like these very waves, which in reality are steadily drifting in the direction of the tides and the moon, this trade of the nations is ever drifting quickly or more slowly in the direction of the peoples with the *most effective productive powers*, slipping away from one to the other as each is overcome in the race, heaping its riches now on one shore, and then ebbing from it to follow the fortunes of its stronger rival, and leaving it stranded high and dry; and all the more rapidly, be it noted, the fewer breakwaters there are in the shape of tariff fences or entrenchments to break the precipitancy of its retreat. All is drifting, the trade of the little retailers towards that of the great shopkeepers, leaving them dying or extinct in its wake; the old iron and coal mining of Kent and the south long since drifted to the Midlands and the north; the woollen mills of the eastern counties to Yorkshire and Lancashire, and becoming

concentrated there, with the old mills closed down behind them in their flight; the freer the trade, the greater the facilities of transit and communication by canal or steam, and the wider the area to be tapped and supplied, the quicker the concentration, the greater the ensuing supremacy, and the more exhausted and deserted the regions left behind. For the same river, that by its facility of communication has just brought trade and prosperity to one of the little landing places in its course, washes it away again as soon as the country is opened up, sacrificing it to a more fortunately situated upstart farther down the stream. The new railway that in its progress from village to village makes the fortune of each in turn, leaves them all again, except the one or two more favourably placed, to sink into stagnation and decay. And these favourites of fortune, as I have elsewhere insisted, do not, as the Free Trader imagines, *share* their advantages with their defeated rivals, but, like a victorious general after a battle, or the strongest bull in the herd, take all; or, if not, like the giant Trusts of America, who, after having crushed out their smaller rivals one by one, reinstate them again as managers, take the cream of the trade for themselves, and leave the vanquished only the skim milk!

Here, then, is a reversal of all our old traditional beliefs on this matter, and yet I am confident that the History of Nations, too, will bear me out. The trade of the East and West, which at first was monopolised by Phœnicia and Carthage, on their fall concentrated itself in Rome and Alexandria, and afterwards at Amalfi and Constantinople, being extinguished in each in turn by conquest in war. When it finally settled in Venice, Genoa, Florence, and other Italian cities, purely economic causes did for these, again, what war had done for their predecessors. The mere discovery of the passage to India around the Cape was sufficient to transfer their supremacy to Spain and Portugal, where, after remaining for a time, other economic causes equally potent in their way next transferred it to Holland

and the Baltic, and finally to England. But each of these, instead of *sharing* in turn its prosperity with the one it had supplanted, and diffusing its splendour over Spain and the Italian cities, kept it, on the contrary, tenaciously to itself; so that the Free Trader may well ask in mild surprise alike of Venice and Genoa, Florence, Holland and Spain, where are your glories now? And yet each of these rose to supremacy, not by Protection alone, nor yet by Free Trade alone, but by a mixture or alternation of each skilfully and wisely applied according to its own needs and to the circumstances of the time; always rigorously protecting itself when fighting its way up to supremacy, and usually relaxing, as we ourselves did, when that supremacy was assured, and Protection was no longer required. In a former article I went into this matter in detail, pointing out especially that England had reached supremacy long before Cobden and the Corn Laws were heard of, and I need not repeat it here. Suffice it to sum up the conclusion I there reached, namely, that when once a nation like England, that was once industrially supreme in its own line, is threatened on all hands, as we are at present, by younger rivals, and is at last effectually beaten, *by however small a margin*, in its home markets, in that which gave it its supremacy, it must be prepared to put on Protection rigid as quarantine, as the simplest, swiftest, and most efficacious way of averting disaster, until such time, if ever, as by an internal reorganisation of its forces, it is able to contest the supremacy again.

So different a complexion is thus put on the abstract chain of assumptions on which Free Trade is built, by the actual economic facts of the world. If we substitute the conception of animal for that of trade, the Free Trade syllogism will run thus:—All animals, like trade, are by nature reproductive; all animal flesh is good as human or animal food; the more animals, therefore, you can bring together, if left alone, the more food there will be for all to divide. But supposing the



animals brought together were lions and antelopes, wolves and sheep, cats and mice, how then? Where then would the increase of food be found?

If Free Trade, then, became *universal* to-morrow, we may fairly conclude that, far from being a benefit to *all* the world, it would benefit only those 'great *complementary* nations which by their original or acquired productive powers have fought their way to supremacy, degrading all the rest into mere appendages or annexes, and bringing them all alike more surely and swiftly to decay; as is seen in our agriculture, for example, where fields that might now be smiling with golden harvests, and stocked with men, are lying, in places, as untenanted and untilled as if the hoof of the conqueror had passed over them, extinguished as completely by the bloodless process of being *undersold* in the corn market, as by war. Had all the world embraced Free Trade fifty years ago, England would have extinguished their manufactures in detail before they had time to take root and grow, much as animals and tramps and boys do the produce of unfenced fields and gardens; their populations confined to the country would have remained as unprogressive as Dutch Boers; and the total produce of the world, far from being increased, would have been reduced to little more than was necessary for mere subsistence, in the same way as the produce of miscellaneous human promiscuity must be less than that of separate and regulated families and homes. And this gives us the hint as to the true law of the production and distribution of wealth, a truth to which Nature herself and the present course of the world both point the way. It is this, that the greatest amount of produce for *each*, as for all nations, will be got from a world, each of whose great divisions, like enclosed fields, is self-contained; in the same way as Nature gets the greatest amount of work out of a number of individual animals and plants of endless variety, each of which is self-sufficing, and stands complete within its own skin. The nations themselves have long seen it, in spite

of their pedants and doctrinaires, and are now busily engaged in rolling themselves together as fast as they can into separate self-contained balls, founded on racial affinities and geographical landmarks — Slavonic, Germanic, Celtic, Anglo-Saxon, and what not—and the attempt to reverse this instinctive process is like tampering with gravitation, elective affinity, and other ordinances of fate. And all this means, in a word, Protection for the great progressive nations in all those productions that are needed to make them round and self-sufficing, with a free entry for all that their own soil cannot with advantage produce; the amount of free or preferential trade being regulated as if they were port-holes in a ship, which are used to let in a plentiful supply of fresh air from the outside—but not the sea!

Summing up, then, we may say that most of what is vital in the new Science and Art of Political Economy which it has been the object of this series of articles to inaugurate, may be written on your finger nails, and may be catalogued as follows:

1. That Trade is a game of skill, not an eviscerated abstract skeleton of pedantry and the Schools, and that in all its transactions whatever, whether in regard to rents, profits, and wages, or to a purely private deal, whether between individuals, classes, or nations, *he* wins and takes the lion's share who by skilful manœuvring manages, like Napoleon in his campaigns, to get the advantage by a larger concentration of effective productive force *at each point*.
2. That the greatest produce for the world and for each nation is to be got, not from universal Free Trade, but from large, enclosed, self-sufficient *nationalities* grouped according to race and geographical distinctions, and following in trade the principle of Protection; the same principle which induces men to enclose their fields and gardens, and not to leave them open to the highway for the crops and fruits to

be plucked or devoured before they have had time to sprout or ripen; and with gates not to stand open of necessity, but to be opened or shut as expediency or circumstance dictates.

3. That, as for purposes of trade, men cannot be divided into *separate* classes of producers and consumers, but each is both producer and consumer at once, you cannot get the best results by studying cheapness in consumption alone, but only by studying cheapness *so far as* it will not paralyse the arm for production,—and no farther.
4. That in a Free Trade country like England which, owing to its undisputed world supremacy, has been enabled so long to prosper under that *régime*, when once the great vital industries that gave it its supremacy are seriously attacked or beaten, it must be prepared to put on Protection swift and sharp; that when its less important ones are captured, it may cheerfully let them go, as in a game of cards, only if it sees its way to confront its opponent by a more decisive *coup* later on in the game.

These principles bring us at last full flush on Mr. Chamberlain's scheme, and if by means of them we have succeeded in getting the illusions of the old Political Economists well under hatches, and have exorcised those dead ghosts which, haunting the background of the mind, by their uplifted warning hand have so long affrighted and perplexed the judgment, we may now sit down and calmly consider what we are to think about it in detail.

After what has been said, I need scarcely say that in my opinion the raising of the question at all is of the most vital and profound importance to the interests of England at the present time; and further, that could a beginning be made to-morrow in the introduction of the protective principle on which the scheme is founded, it could issue in nothing but

good. That the skeleton of the scheme, which is all that Mr. Chamberlain has as yet vouchsafed us, is in principle thoroughly sound, I have no doubt; my only fear is that it is premature, and that the parts of it cannot be so timed in execution as to form that full, round, and harmonious whole which is needed to secure its 'acceptance; that its separate parts will be in turn so blocked by private interest, prejudice, illusion, and economic fanaticism, that the scheme as a whole, whether in regard to England alone or as embracing the Colonies as well, will never get over the bar at all. Indeed, to carry it out completely would seem to require rather a generation than a session or two of Parliament, or even a decade. But to see how all this will operate, let us fix in our minds definitely what the *general* objects are which the scheme is intended to effect. In the large, they may be said to be, first, to restock our vacant agricultural fields with men and homes again; second, to protect our great manufacturing industries against the foreigner, and relight the mill and factory fires blown out by bounty-fed foreign products and the cheap surplusage and excess of gigantic protected Trusts thrown on the market "at a song"; and, thirdly, to bring in the Colonies, with a view mainly of knitting the Empire more closely together and of protecting ourselves and them in the hour of danger, by means of solid business advantages to be given and received.

Let us take England, therefore, by itself first, and see what the difficulties are; we can then bring in the Colonies afterwards, and consider how they will advance or retard the scheme.

Now, to restock our country districts and their fertile fields with men again—that dark spot in the heritage left us by Free Trade—with the decline in the value of the land in the last quarter of a century of £1,000,000,000, and loss of farmers' capital of £150,000,000, it must be done on a sound scientific principle. Not on the theory of Rousseau which took effect

in France after the Revolution, with its millions of peasant proprietors on their five to ten acre patches, showing like a vast sand sea of sordid human particles bent and half embruted with the toil needed to wring subsistence from them; for this is a lot worthy of no distinctively human life. Not, again, like the stalwart quarter-section farmers of America, with their 160 acres each, and covering the country from sea to sea—that solid backbone of the country and its rock of defence against all the machinations and corruptions of Bosses and Trusts; for England is too small to admit of so much space to each; but *graded* rather according to the historical character of the people, and providing at once for equality and inequality, for authority and liberty, for necessities and even luxuries; with your “three acres and a cow” for the working man and labourer on the outskirts of towns and villages; your twenty, fifty, one hundred, five hundred acres, in enlarging circles, all alike freehold, as in France, America, and the Colonies; and as crown and summit, the great landlords and their castles as the centres of authority, taste, and culture for all. But how attain this ideal, which would involve the dismemberment and sale of the larger portion of the great estates (now on the eve of accomplishment in Ireland), with the House of Lords still standing, and a House of Commons largely identified with it in sentiment if not in interest? It cannot be done. Besides, to be a success it would involve Protection, in spite of Prince Krapotkin’s gallant attempt to prove that the country by a sufficiently intensive culture could be made self-supporting both in corn and every other form of produce. But how, again, get the inhabitants of the cities and towns to so far sacrifice themselves (as they do in France for the peasant proprietors) as to have the price of bread raised on them by tariff in order that after a pass or two the advantage must find its way, as Lord Rosebery himself admitted, into the pockets of the present landlords? That, too, cannot be done.

Let us turn, then, to the protection of our Manufactures, where, out of our thirteen or fourteen great and supreme industries, we have in the last quarter of a century declined in cotton, iron and steel, woollen and yarns, linen, leather, engines and hardware, and have improved only in coal, machinery, apparel, and chemicals; the improvement in coal ranging higher than all the rest put together, and our supremacy, therefore, in this, being but a living on capital, and on the progressive exhaustion of the mines. Many of the above will soon, if they do not already, require protection to save them from gradual extinction. Can we not, therefore, get the working men to consent to the slight increase in the cost of living which the protection of agriculture demands, by promising them an increase of wages, by the protection of manufactures, as its balance and set off, and so get both our ends by a single throw? Yes, if they were sure that protection of manufactures *must* lead to a higher wage, or if they were thrown out of work in great batches all over the country at the time when the question came on. But how get them to see it while they are still in work, and the evil day that is surely approaching for them, if the Free Trade *régime* goes on, has not yet dawned? How, indeed, when not only the universal Press and the Economists, but their own Leaders din into their ears daily that they are consumers only, and must study only cheapness of living; and that as for their employers, the producers, *they* cannot go wrong so long as they get their raw material in cheap and free; and so, in consequence, workmen and employers being *separately* best served, both must be best served; not seeing that if once the employer is undersold in the home market, whether his material has come in free or not free, all alike must go down together. Besides, Protection of itself does not necessarily raise wages, although it can be made indirectly to raise them, if Government will only ascertain accurately what the increased cost in living from the Tariff ought to be, publish it to the world, and then advance the

wages of all the workmen in its own employ to that amount; and so give the Trades Unions throughout the country the cue as to what their increased demands from their employers ought to be; and with this *moral* support at their back leave them to fight it out for themselves. But to do this the workmen must put their own shoulders to the wheel. The official publication of what the increased cost of living ought to be would also help the workmen to squeeze the great Middlemen, who, sitting like spiders on their coign of vantage, in secret unseen combination, are an enemy more remorseless and devouring than any tariff; for their yearly extortions alone, were they made to disgorge them, would of themselves go a long way towards giving the working man his free breakfast table and his old age pension. And when this superfluous, shaken from the middleman, was combined with the amount we could skim off the foreigner's profits (who with thirty millions of quarters of wheat more than the world requires would let us have it in spite of our tariff at a minimum, rather than feed his pigs with it), the workmen would be almost as well off in the matter of cheapness of consumption as before. But in itself Protection would not raise Wages. They depend in any given country, like all things else in this world, on custom, precedent, and the stage of evolution reached, modified by the extent to which, at *any given point of time*, one or other of the opposing parties has got its back against the wall. Roman nobles had the plunder of whole conquered provinces made over to them, but their slaves did not share it; Golcondas fell to Spanish grandees on the discovery of the Mexican and Peruvian mines, but their serfs fared the same as before; capitalists made colossal fortunes out of their cotton mills in Lancashire at the beginning of last century, but the men, women, and children whom they employed had by combination to heave the lead for every smallest increment of rise they received. Wages are, and always have been, relatively high in America and the Colonies, from the history, traditions, and custom of the people; they

remain so under Protection. They would remain low indefinitely, for the same reason, among the labourers and peasants of Italy, Russia, Germany, and the East, if Free Trade were established in these countries to-morrow.

Again, how are "the great unwashed" at the bottom of the scale, the millions of residuum below the decent poverty line, the impotent, the besotted, the wrecks and failures whom the depopulation of the country districts has helped to drive into the slums of towns and cities, how can Protection raise the wages of these? There are no Trade Unions to help them, no power of combination among themselves to secure them a living wage. No stimulus given to manufactures or production would in itself much benefit them, for they are unskilled; and Protection is a remedy for the difficulties of the efficient of the industrial world, and not for its waste refuse. They would be hopeless under any régime. And yet you cannot run a nation in the interests of its lamed industrials, however numerous they may be, any more than you can an army in the interests of its camp followers, as the Americans found out to their cost when, for a season, they tried to run their Republic in the interests of the newly-enfranchised slave. But in an age of Utopian philanthropy, which long years of peace, abetted by doctrinaire philosophies and "the rights of man as man" have engendered, where, in considering Mr. Chamberlain's scheme, shall you find the leverage on public opinion necessary to carry through a policy which would leave these twelve millions of water-logged incapables of the slums in its rear? It cannot be done. Emigrate them, say you; pack them off in gangs and regiments to the country to help restock its deserted fields; exclude the pauper alien, and trust to the rest being re-absorbed in a measure in the cities, when declining industries shall be revived by Protection. So say I; but where is the peasant proprietary and sub-division of the soil that is ready to reabsorb and distribute them? And, if it were, who is going to do it in an age of *laissez-faire*, where, except in matters of War, or of Education



with sectarian shibboleths as war cry, all alike until but yesterday upheld the motto, "Everything by voluntary effort, nothing by the State." But in an age of infinite differentiation and specialisation of nations, of industries in the same nation, and of individuals in the same industry, where regulation, and your hand on the rudder, are required at every turn, and where the politics of a nation demand the mental agility and poise of a gymnast at every point, this doctrine of *laissez-faire*, of go-as-you-please, and things will right themselves, and that what cannot be done by voluntary effort had better not be done at all, is an even more fatal heritage than that of Free Trade itself.

And now we have to ask to what extent, if any, a Protective policy for England alone, which must be landlocked for many years, owing to the above and other causes, will be hastened by working the Colonies into the scheme? The answer to this will be found in the answer to the question as to what, if any, relations of an economic and industrial kind can be established with the Colonies that shall have the element of continuance in them, and will be attended with pure good without danger of friction or the chances of alienation? And for this I shall be obliged to confine myself entirely to the principles involved, and on which the solution of the problem depends; and as Mr. Chamberlain has himself not yet gone into details, I shall venture here only to indicate the more important of these principles, and the way in which they are to be applied.

To begin with, I shall assume that the aim and destiny of the Colonies, as of ourselves, and all other progressive modern States is to be self-complete and self-contained, so far as is compatible with the natural productiveness of their soil; having that healthy balance between town and country life, between commerce, manufactures, and food supply, which is essential to nations destined for progress and culture. And the first principle I would lay stress on is the extreme

difficulty of establishing permanent relations of any but the most loose, elastic, and general character between countries separated by sea or inaccessible land barriers, whether they be Colonies and the Mother Country, or not; as the history of the colonies of Rome and the cities of ancient Greece abundantly testifies. And the reason is, that a man's country or fatherland extends no farther than the horizon which he figures in imagination as the boundary of his life's activities, and within which he finds the arena for his dreams; and the pressure of whose bonds, political, social, and personal, surrounding him as a *milieu*, is the deepest influence by which he is at once impelled, supported, and restrained. All other communities, however close may be the political and merely sentimental ties that bind them, are in their nature *foreign*, and on the slightest ruffle to these deepest sentiments and interests are apt to assume an unfriendly or hostile aspect. In considering our relation to the Colonies, therefore, in the matter of a closer commercial union, they are to be regarded at once as children and as adults; children, as being as yet entirely on our hands for protection against foreign Powers; adults, inasmuch as they are already full grown and independent, being settled in life for themselves, and attached to their own land and soil as to their bride. No bond, therefore, of any kind between us and them can be drawn more tightly or more permanently than between sons on the one hand, each with his own family and business interests to consider, and the parent still engaged in active business on his own account, where though all are ready to unite when the common family interest, honour, or good name is impugned, or the common family possessions attacked, and are prepared to do good turns to each other in moments of illness or misfortune, or in putting business in each other's way; still the steady standing *business* interest of each is and must be the fixed and permanent principle of action of each and all alike. To try and get more out of the relationship than this, is to invite disaster and to court the fate of the

Greek cities and their colonies who, although ready to start to arms on a spurt against the common Barbarian, fell into dissension, ending often in permanent hatred and alienation, when left to themselves to apportion their relative shares of the spoil. Now, in the relation between us and the Colonies, the common bond of the Crown, which rests on sentiments and interests deep and enduring, is quite sufficient for purposes of any casual war that is likely to arise in the immediate future, provided always that the steady business interests of each continue to work smoothly and for mutual advantage, and without the danger of arousing through friction sentiments unfriendly to ourselves. But as the very object of our proposed closer amalgamation of business interests with the Colonies is precisely for the purpose of strengthening the mutual defences and resources of the Empire in each and every part, in that larger ultimate war between gathering and consolidating races—Anglo-Saxon, Germanic, Slavonic, Celtic, Mongolian, etc.—which is the dark spot looming in the remoter future, it behoves us to consider well the lines and principles on which this commercial union is to be drawn, so as to be most certain of attaining this end without the danger of reaction or recoil. The problem, that is to say, is, what is the best business relationship between us and the Colonies in peace, that will put us all alike on the best ultimate war footing, and at the same time add to our immediate and prospective material prosperity?

In the first place, then, I should exclude all that pertains to War from any arrangement that is intended to be either definite, permanent, or binding, leaving such contributions as the Colonies care to make for the common defence to the sentiment and free will of each and to the honourable rivalry among them all, while retaining in our own hands, and placing beyond the reach of cavil, the free ultimate decision in the disposal of the forces of the Crown for the common defence, as now. As for the nature of the permanent business basis between us, I should, in order to diminish friction to a

minimum, exclude from it all that is personal, as it were, and peculiar to each Colony, all that each Colony conceives to be vital to its own individual interests and prosperity, its own peculiar ideals, aspirations, and aims, and the free management of which it wishes to keep in its own hands, and which it could not pledge or part with without danger of after discontent or regret. But of what remains and can be made a matter of permanent and binding relationship between us I should, bearing in mind the proverbial difficulty of business relations between near relatives, have it clearly understood from the start that all favours or hopes of favour, other than those in the bond, should be ruled out of purview, all expectations that might be made to hang sentimental or other grievances upon—like that man in the Gospel who expected more pay for working in the vineyard longer hours than another, although what he got was what he bargained for; and that all arrangements whatever should be put on a strictly business footing, without prejudice, afterthought, or heart-burning, each side having a perfectly free hand to agree or disagree as it likes, as much so, indeed, as in a treaty between foreign nations. And for this purpose the only way possible, it seems to me, is to deal with each Colony *separately*, to find out the margin of a possible reciprocal deal with each; to arrange that there shall be such a margin, however small, against the foreigner wherever the two come into competition in parallel lines of work, and to give effect to this as the common principle of trading within the Empire. Any attempt to deal with these matters, where some of the Colonies must be behind the rest, by a Round-table Conference of the representatives of each sitting on them in court, on the basis of distributive justice measured out to each according to the several pretensions or claims, would be as hopeless and Utopian as to attempt to square the circle or to regulate the entrances and exits of ambassadors without strict rules of precedence, and would wreck the scheme from the outset. Let there be

no question of *justice* in the strict sense of the term in the matter at all, but pure business expediency alone; and the margin of preference that may in each case be granted, based as much as possible on figures and trade returns, once agreed upon, let the whole agreement (as between the Colonies and the Mother Country, there can be no question of coercion) be held as a matter of sacred honour and good faith. What this margin may be will depend on circumstances, but as each will fix it on the principle of what it can afford to do *after* it has put on such tariffs as are necessary for its own internal industrial objects and aims, not only against foreign nations, but against its sister Colonies and ourselves as well, and *vice versa*, the margin of common reciprocal trade between the several parts of the Empire will, I suspect, be a narrower belt than is generally anticipated. We can only afford to let in Colonial corn and other produce at a point of cheapness which will not interfere with our fixed intention of making our own corn and produce pay sufficiently to enable us again to restock our country districts with men. The Colonies can only allow our manufactures to come in at the point where they will not drown their own, especially in those lines for which they have sufficient natural advantages and are resolved to develop them. It is in the narrow belt of discriminating preference lying between these points and the still higher points of the tariff fixed for the foreigner that the mutual benefits would arise from which the Empire would draw its harvest. But as this belt, however narrow, would constitute a virtual monopoly for England on the one side, and the Colonies on the other, the area over which it would extend would ultimately be so rich and wide as to inaugurate an era of vast and increasing activity and enterprise throughout the whole Empire, and one, in my belief, out of all proportion to the loss at first sustained in our strictly foreign trade. Emigration from England and America would overflow into Canada to take up farms and get the differential advantage of our tariff, and the men who entered

would, in the second generation, become loyal subjects of the Empire. And so with the other Colonies in their different ways. As for America, instead of shipping her goods here and underselling us, she would bring her capital over and manufacture them here out of such of our natural resources as are as available as her own; and her sons, too, in the second generation, would amalgamate with us to our mutual benefit. In the meantime, common action, on the basis of the Monroe doctrine, and for such common objects, for example, as keeping ports open in Asia, as against the aggressions of other European Powers, would help later to bring America, too, into the Anglo-Saxon fold, and so help to weld into a unity that universal Anglo-Saxondom which, before the century has reached its meridian, will find itself confronted with Pan-Germanism, Pan-Slavism, Pan-Mongolianism, or what not, in the struggle in which the nations will be engaged in carving out for themselves heritages among the retrograde peoples and vacant spaces of the earth.

The inclusion of the Colonies in Mr. Chamberlain's scheme, then, owing to the dangerous nature of the material with which we have to deal, and which must be handled with the utmost delicacy, cannot be contemplated altogether without a shade of misgiving, and we may well hesitate before finally embarking on it; all its aspects being double-edged, both in regard to the Colonies, the foreigner, and ourselves. Their inclusion will hasten, perhaps, the acceptance of Protection for England, but it will be as much for its glamour as for any just insight into the complex play of forces involved. But I should have preferred Protection for ourselves independently, in the first instance at least, with preferential treatment on either side purely gratuitous and spontaneous, in the way in which Canada has set the example, rather than with the slightest tinge of bargain or sale between us. But, if Mr. Chamberlain and the Colonial statesmen can see their way to make a business scheme which shall draw the bonds tighter work without

friction, the endeavour can be fraught with nothing but good.

And yet, in contemplating the return to Protection which sooner or later awaits us, we cannot but linger with a sigh over the halcyon days of Free Trade, a brief summer of Imperial supremacy like that of Rome in the age of the Antonines, before her inevitable decay set in; for, with a Parliamentary Government without central, controlling initiative like that of the Czar or German Emperor, to keep its hand on corruption, the vast interests involved in every change of tariff under a *régime* of Protection must put such pressure on individual members of the legislature that the present purity of our political institutions will gradually tend to disappear, and the Boss, the Lobbyist, and the professional politician, as in America, will enter with all their train.

---

## CHAPTER V.

---

### SUGGESTIONS FOR A NEW POLITICAL PARTY.\*

ITS PRINCIPLES AND METHODS, WITH SOME APPLICATIONS.

I PROPOSE in this paper to take advantage of the hospitality of the Editor in permitting me to explain in some detail, by means of illustrations and applications, the principles of a New Political Party which for some time I have been contemplating, and from the standpoint of which previous articles of mine in this Review have been written; a party which I believe to be both desirable and necessary, and, as I shall now attempt to show, sufficiently urgent to be ripe for formal statement and discussion. But lest the reader should be startled at the very suggestion of a new political party, as of something portentous, presumptuous, or altogether ridiculous, let me hasten to reassure him by adding that the party I have in contemplation will not challenge the validity of any of the existing political parties, or seek in any way to displace them, but will attempt at most, in a quiet way, to modify or qualify them from *within* themselves. It will not

\* Fortnightly Review, February, 1905.



require any organisation to start it, or keep it a-going—neither subscription lists, ballot-boxes, nor franchises—but when once thoroughly grasped, will go on of itself, without either leaders to direct it, platform orators to justify it, or popular enthusiasm to keep it alive. It is purely a thing of the mind, as it were—a new point of view, if I may say so, and principle of co-ordination founded on Evolution and History—to be applied to political problems when they have to be handled *practically*, and not merely *critically*, or *speculatively*; and so can lie side by side with the older political parties without aggression or offence. In a general way it will aim at playing the part of a kind of political mariner's chart, by furnishing a definite line or curve along which to steer; and should it prove acceptable, will rely for its support on that great body of thoughtful voters among all parties, who, although scattered, are the main agents in turning out ministries when they become retrograde or lose their grip on realities—those men who, although firmly attached to their respective parties, are nevertheless compelled to steer their course, when obliged to oppose them, rather by natural instinct, rule of thumb, or that kind of compromise which consists in “splitting the difference,” than by any body of well-defined principles applicable to all causes and situations alike. And yet, so great is my faith in these principles, that when once they are co-ordinated and bound into a harmonious whole, I expect them to stand like an image or statue of Peace amid the roar of distracting parties; and should my hopes in their regard be realised, a decade will not have elapsed before their influence is definitely felt, nor a generation without their having so coloured the older political parties as in a measure to have silently transformed them. Let me, then, without further preliminary, define the principles of this New Party from which I expect so much, give the reasons for its urgency and necessity, point out the wants it will supply, and explain the manner in which I conceive it will act. But as it is more than probable that, with the limited

space at my disposal, my explanations will still leave much to be desired, I propose, in a measure, to remedy this defect by applying the principle in question to some of the political problems of the present hour—imitating in this that Yankee inventor I once knew, who, finding that people would not, or could not, understand the pamphlet in which the advantages of his patent hay-and-straw-cutter were described, set up his machine like a guillotine in the market place, prepared to demonstrate its merits by chopping wisps of hay or straw for all and sundry of the farmers who chanced to pass along!

But first, let me not so much apologise for my own temerity in proposing to start a new political party on the lines of Evolution, as express my surprise that it should not have been done before. For there is no other department of life or thought except this of Practical Politics in which the principle of Evolution has not driven all other principles out of the field, not only in speculative philosophy, but in matters so practical as the breeding of horses, sheep, and dogs. And yet, in none is its application more urgent and pressing than in practical politics; and the more so the nearer the government of a country approaches that of a pure democracy. For, from the time that the French Revolution proclaimed the doctrines of *absolute* Liberty, Fraternity, and Equality, which have been accepted by the progressive parties in all modern States, you cannot keep the natural evolution of nations in a steady line by merely “splitting the difference” between the rival parties, as you do in the breeding of animals, and as was still possible in the days when kings, as mediators, kept their hold on the rudder of legislation. And the reason is, that these opposite parties are entirely different in essential nature. One of them—the party of abstract Equality—is self-contradictory and absolutely unreliable; so much so, indeed, that any cross between it and a party founded on ordinary material interests would be like a union between angels and men, producing demons; or between man and horse, woman and fish, pro-

ducing monsters,—the centaurs and mermaids of fable. But why so? Because each and every man by nature loves as much to become *superior* to his neighbour when he has already become equal to him, as to become equal when he has been inferior; loves as much to impose his will on those placed below him, as to shake off the will of those above him; to exclude the neighbour whom he has beaten, as to fraternise with the neighbour who keeps him out in the cold. That is to say, that in thus facing both ways, men can only believe with *half their mind* in abstract liberty, fraternity, and equality after all! And hence, when you attempt to do work with these principles in the present world, they break in your hand; and are as useless as is a painted razor when you wish to shave, or the razor itself when you wish to cut down trees. It is only in some millenium of the future where there shall be neither Physical Force, Inequality, Authority, Exclusiveness, nor Precedence, but where men shall be as the angels in heaven, that these abstract ideals as party cries can possibly be realised. Hence I have called them millennial ideals. And therefore it is that in those countries where there are no kings at all, as in France and America; or where the king reigns but does not govern, as with us; or, again, where the presidents have the power of vetoing but not of initiating legislation—there being no third party of Evolution to keep the ship of State in a steady, even course—both Government and Legislation have followed, as we see, a zigzag course, tacking this way and that, and plunging from side to side in the most erratic manner; now making a dash to realise an abstract ideal, only to lose themselves in the open sea, and then back again to the shore to be stuck in the sands! In France, this zigzag from abstract Utopias on the one hand, to despotisms of Force on the other, and back again, first in relation to Government and now to the Church, has gone on, it is unnecessary to point out, ever since the days of the Revolution. But America is perhaps the most pregnant and typical instance for our purpose. Founded on

the pure millennial ideal of the absolute "equality of man as man," she plunged into the sea, on the first opportunity, to realise her dream, sacrificing first a million of men to free the slave, and then, in order to protect him in his freedom (frankly and nobly, be it said), giving him the franchise. But, having rushed to this extreme point of the compass, and found, as was inevitable, that the negro was becoming more and more a millstone around her neck, she is now reversing her rudder and setting sail in exactly the opposite direction; and is taking back the franchise as fast as the blunder of it all, and the sense of public decency, will permit. And, after all, what was it all for? For an abstract Utopia and dream, hatched in the imagination of a single sentimentalist recluse, Rousseau, who delighted his own mind and those of his fellow-sufferers with the contemplation of this dream as a refuge from the tyranny of his time; but when fastened on the neck of a virgin democracy like America, which needed no Utopias, be it observed, to reinforce the *natural* equality which her citizens already possessed, it could only end in disaster. For does anyone imagine that if to-day the same situation were to arise again, a single man would lose his life in the cause? And, what is more to our point here, does anyone imagine that had there been a party of Evolution in America *then*, such as that for which I am now pleading, the negro would have ever got a vote at all? Or that, having founded their republic on the absolute equality of all men, they could then have permitted that primal curse of nations, the *mixing of antagonistic races on the same soil*—a thing only possible at all where one is in subordination to the other? Or that, if the mixture of races were already an accomplished fact, they could then have decreed absolute equality by law? And again, to what is that municipal corruption in large cities which soils the fair fame of American democracy due, but to the same Utopia, to the dream that *equality of opportunity*, which is all that any mortal ever dreams of claiming in *civil* life, is not enough in *political* life,

but must be pushed to an absolute *equality of rights*; that, although a loaf of bread must be paid for under penalties before it can be eaten, votes which affect the bread of thousands may be thrust on all alike—on the drunken, the incapable, the indifferent, the submerged. And with result—what? The arming of the offscourings of Europe, when they land, with the franchise as with a weapon; and the regimenting of them and of the existing slum population into battalions of voters by buccaneers and bosses, for the purpose of extorting toll and over-riding the general will; and this because the ballot-box and franchise, which originated in old countries as *means* and *instruments of defence* against tyranny, became at last, like some beneficent tree erected into a heathen god, worshipped on their own account as *ends* in themselves. And here again, had there been a party of Evolution for *practical action* in the bosom of the other parties, this grotesque result could not have occurred.

And now for the *principles* of this party of History and Evolution, and its method of handling practical political problems. To economise space, I cannot do better, perhaps, than use for their exposition the analogy of the principles and methods of the Christian Church of the first ten centuries—the only institution in recorded history confronted by the same problem which perplexes the political world of to-day. For she, too, had to find a pathway of orderly evolution between Pagan societies founded on Force and material interests, on the one hand, and the abstract millennial ideals, for the first time introduced into the world by Christianity, on the other; between the ignorance, brutality, and insolence of barbarian kings and chieftains, and the saints, the ascetics, the celibates, who were turning the other cheek, giving their coats as well as their cloaks, and in every way trying nobly to carry out the letter as well as the spirit of the millennial ideals of Jesus in their purity; but whose celibacy and asceticism, vows of poverty and chastity, had they been *universally* practised (the only practical test of their absolute truth and rightness), would

have unpeopled the world; while their obstinacy and their refusal to fight in the wars of the Empire against the Barbarians, were becoming, as they increased in numbers, more and more a source of real danger to the Roman State. But the Church was equal to the problem, and managed to saturate the Paganism and Barbarism of the time with as much of the abstract ideals of Christianity as they could absorb, binding all and interlacing all into a single organic unity. For the Church not only *was* Society (as all alike, barbarian and saint, belonged to it), but it was the *organ of evolution* of society—a third something in its midst, not made up of abstract ideals, like the dreams of the celibates and saints, but a concrete living Church, as much a Polity as a Religion; and was not got, be it observed, by merely splitting the differences between saint and sinner, but required the great systems of St. Paul, St. Augustine, and St. Thomas to organise it. It may well, therefore, serve as a model for all succeeding ages when confronted with the problem of how to get a straight and steady line of evolution by which to steer between material earthly interests, on the one hand, and abstract ideals, for which the world is not yet ripe, on the other.

With this as analogy, then, the principles and methods of our proposed party of Evolution may be summarised as follows:—

1. It is a party of *action*, of practical constructive statesmanship, and not of party platform propagandism or appeal.
2. It will form a central core *within* each and all of the existing parties, and not a separate party *outside* them.
3. It will rely for its voting power on the great body of thoughtful men of *all* parties, and of all conditions of life, who furnish that swing of the pendulum, as it is called, which brings in Ministries and turns them out again.

As for its principles:—

1. It will admit no rotten planks in the shape of *abstract*

*ideals* into its political platform—no abstract “rights of man as man,” no abstract equality, no abstract franchises, or quakerisms, in short no impotent bloodless abstractions at all—but only such *mixed and tempered* ones as will stand the wear and tear of ordinary human nature, and be in harmony with the *material and social conditions of the time*—the glorification of abstract ideals being left to literature, to the pulpit, to the party platform (their proper exponents), for aspiration, for hope, and for solace to the private heart.

2. And hence it will substitute the principle of *equality of opportunity* for that of *absolute equality of rights*; make a man earn his vote before he can use or enjoy it; and instead of regimenting the venal ragamuffins and incapables of the slums, as in America, by thrusting votes into their hands with which to prey on society, it will be disposed rather to take them in hand itself for their own good.
3. It will for ever abolish both the word and the conception of *laissez-faire* from the political speech of men.
4. Its aim will be to preserve as far as possible the *organic type* on which a State is founded, as determined by its history and antecedents; a different policy being required in Oriental nations to that in Western (unless, like Japan, a nation is resolved to jump out of its old skin altogether); a different one in nations founded on Roman traditions and Roman law, and in those that have grown up outside these influences; in nations that have their roots in Feudalism, and in those, like America and the Colonies, to whom the conception is unknown.

For its methods:—

1. It would advance to the next stage in normal evolution

by always beginning operations on the existing *material and social conditions*, whatever they may be, as breeders do with animals, and only indirectly by doctrinal teachings, or the mere *preaching of morality in the abstract*, whether in political, religious, or social affairs. If, for example, the problem were how to change America from a democratic to an aristocratic country, reformers might preach its necessity for ever without advancing a step; for the material conditions of the country and its present system of land tenure would of themselves breed democratic sentiments faster than preaching could uproot them. But if there were enough millionaires to buy up the land in large estates, to be let to farmers on the same precarious tenure as in the United Kingdom, in a generation men would touch their hats, and women curtsy to their new masters as they pass, and the thing would be done of itself !

2. And in order to find the strongest stimulus to personal exertion for all the citizens, it would do as Napoleon did when he proceeded to reorganise the institutions of France after the Revolution; it would leave no unbridgeable gaps between persons or classes, but let all be connected by *gradated* stages, everywhere careers being open to talent and virtue, and everywhere ladders and openings provided from the bottom to the top; the very proximity of the next stage at each and every point being a perpetual incitement to grasp it.
3. It would, wherever possible, substitute a wider *administrative discrimination* for fresh *legislation*; and, instead of making general laws which must always be so wide as to catch the morally innocent while letting the guilty escape, from the difficulty of enforcing them, it would be as well provided with administra-



tive officers to settle all questions of social morality, as we now are with judges and policemen to deal with the man who steals a sixpence or a loaf of bread.

But all my efforts to make out a case for a new party of Evolution within the bosom of the other parties in the State will be vain, unless I am able in some measure to reverse the current conception of *what constitutes Justice or Right*. For it is only because it is *believed* that absolute political equality and liberty can be claimed by all men as their birthright, as being that which Eternal Justice demands, that so many good and noble men can be found who will willingly risk so much to realise their dream. Rousseau was the first to give currency to this idea of abstract liberty and equality, and from him it soon found its way into the French and American Constitutions as their chief corner-stone; and it has ever since been the watchword of liberal and progressive politics throughout the world. And yet neither Jesus, nor Paul, nor the Early Fathers ever dreamt of it: and the reason Rousseau did was, because he believed that men had *once* been absolutely free and equal, but that, owing to bad political arrangements, they were now, as he said, everywhere in chains. But although the world which believes in Evolution as a universal fact, now knows that the golden age for the realisation of its dreams lies in the far distant future, it nevertheless still retains them in its politics long after they have lost the philosophical support which once gave them their power. And this it does because it believes with Rousseau that Justice or Right is a *single*, separate something let down from heaven in its purity, to be clapped, like the figurehead of a king on a coin, on every situation that arises, without regard to consequences; whereas in fact it is always a *composite*, and is like a medicine rather, where the effect on the patient has to be taken into consideration as well as the abstract purity of the drug. It is not like a single shot, which if it hit the mark, you say that it is right and just, and ought to be done even should the heavens fall;

but is rather like the throw of a boomerang, of which you cannot say that it is right until you see whether, in the rebound, it hits you on the head or not; in other words, it is the knowledge that, should the heavens fall as the result of your action, that action could *not* have been just or right, however noble the motive may have been. It is to be represented rather by a loop or a circle than by a straight line; and is neither to be identified with pure Might, as with Carlyle, nor with the abstract ideal of Right, as in the popular conception; but rather with the harmonious admixture of both in every act—of Force, Authority, Prescription, Custom, etc., on the one hand, and abstract or Ideal Right on the other—as with Shakespeare, who declares that it is *between* the endless jar of right and wrong that Justice resides. Either it is this, or it has never existed in the political world at all. For if you make a section through Civilisation at any point in its long history, you will nowhere find the abstract ideal in its purity, but always alloyed with a certain admixture of baser metal to give it currency; always as an ingredient in it you will find Physical Force, open or concealed, and the authority of “the powers that be” that go with possession, prescription, privilege, or prestige, and even with the soil on which one is born. And hence it is that the thoroughgoing application of purely abstract political ideals without regard to circumstances and conditions, is in its consequences as fruitful of evil as that of brute force itself. If, then, the reader remain firm in holding the old view that Justice is an abstract archetypal and perfect ideal, to which all things ought to be made to conform should the heavens fall, no party of political statesmanship founded on Evolution and History will be possible; but if he take with me the view that Justice and Right consist in *only so much* of this abstract ideal as the stage of civilisation reached can be made to absorb without reaction or recoil, then the party of Evolution must in time become the party of liberal and progressive politics, not only in England but throughout the world.

And now for a few concrete examples to show how the party of Evolution differs in its *application* from that of the existing political parties; and here it will be seen that the difference consists mainly in the way in which it shifts the *weight or emphasis* to be attached to the various political factors in the problems, and so alters the centre of gravity, as it were, on which their solution depends.

To begin with, then, Conservatism in general, taking its stand on possession and prescription, would keep up the old feudal constitution of society, alike in the tenure of land, in education, in personal ideals, and even in its organisation for war ("not good form to be keen," &c.), and that, too, in an age of the world when the future of all nations depends on Science and Industry, on keenness for Knowledge, as such, and on the application of Science to the art of war. Official Liberalism, on the other hand, would make haste to *de-nationalise* politics and make cosmopolitan both trade and territory; and that, at a time when the principle of nationality not only is not passing away, but is just beginning to get a real foothold in the world; and when races everywhere are beginning to consolidate into great fighting nationalities—pan-Germanism, pan-Latinism, pan-Slavism, pan-Mongolianism and so on. Abroad, the Radical wing is ever on the look-out for more negroes or other barbarians to set free from all restraint, with ballot-boxes to protect them in their "rights"—as they lie basking in the sun or sleep away the day in their kraals—in the firm belief, like Robespierre and his guillotine, that the cure for the evils of democracy and *laissez-faire* lies in still more democracy and *laissez-faire*! At home, in consequence, the same Radical wing would look out for still more of the outcasts, the incapables, and the derelicts on whom to confer the franchise, and would mix you different alien races on the same areas of soil with as much nonchalance and indifference as if they were mixing the ingredients in a pudding, and with the expectation, too, that the national flavour would

be improved thereby! It would do anything to reclaim the drunkard; but with the bogey of *laissez-faire* before its eyes stands like a helpless nose-of-wax, and insists that on no account can he be coerced! Even the ubiquitous able-bodied tramps (not more than two per cent. of whom, according to official accounts, are genuine working-men) can infest the public parks and litter the seats, swarming with vermin; but on no account must they be disturbed, as thereby the sacred "liberty of the subject" would be infringed. The most extreme section, the followers of Henry George, would expropriate the landlords without compensation or compunction, and that, too, in the sacred name of Justice, but would leave the exploiting, monopolising capitalist to flourish unscathed. Would these doctrinaires, I wonder, expect rival nations to share and share alike after one had beaten the other in war? If not, why not? For what has a battle or the result of a battle to do with abstract eternal Justice? The Socialists, again, of the school of Marx are guilty of still greater intellectual atrocities. Their theory demands that, as all are to share equally in the benefits of labour, the work of all must be *somehow* equal in value; but, as the inventor has to be expropriated as well as the capitalist, it taxed their ingenuity to see how this equality could be made good. They were equal to it, however, and their solution was—what thinks the reader? That the coalheaver who stokes the engine and the inventor of the engine are worthy of equal reward, on the ground that when fully employed their work will occupy the same length of abstract "labour time"! They might as well contend that they were equal on the ground that their bodies occupied the same extent of abstract space! But I have not yet heard that they have applied this curious estimate of relative values to the commander and the private soldier, or to the private and the inventor of a new gun. And if not, again, why not? Meantime, the important point to note is that the one thing in which all these devotees of abstract political ideals agree is in ;

shouting aloud that if their millennial dreams are not carried out *now and here*, what they call Justice and Right will have suffered a real defeat.

And now, what would our new party of Evolution have to say to all this? Acting on the principle that there should be as few unbridgeable gaps as possible between the different classes in the State, and replacing the principle of an *ideal equality of rights* by that of a *real equality of opportunity* (which is as much of ideal equality as the present stage of civilisation will bear or can absorb, except the equal "rule of the road" and the equal justice of the civil courts), and seeking to provide as well for inequality and superiority as for equality and mediocrity, for ambition as well as for present status or possession, for aristocratic as well as for democratic sentiment, it would expropriate neither landlord nor capitalist, nor yet leave them altogether as they are. It would alter the tenure of land to suit an industrial, not a feudal age of the world. It would cover the country neither with myriads of petty holdings, as in France, nor with quarter-section farms, as in America; but would *grade* its divisions, all held in freehold, from "three acres and a cow" up to ten, fifty, one hundred, five hundred, or a thousand acres, but with sufficient large properties left to keep up the best traditions both of character and manners of the old proprietors. In fact, it would *grade* all callings and industries whatever, and especially all Education, with free passage everywhere from bottom to top; it would make men earn the franchise, as they do their bread, by some broad minimum standard of social and intellectual attainment; and, as in the old Republic of Rome, would take the effective *initiative* power out of the hands of those who from their mere numbers would fashion the State in the image of their own ignorance or incompetency. In this age of consolidating *race nationalities*, it would, while deprecating war, still prepare for it by making it scientific, and not feudal in character; and would help on pan-Anglo-

Saxondom by not only keeping the Colonies, but by trying to bring back America to the fold.

But nowhere will the difference which is made by the party of Evolution in the solution of political problems be more apparent than in the recent problem of indentured Chinese labour. As my space is limited, this is the only question that I am able here to discuss in any detail. The Conservative party, resting as it does largely on material interests, is frankly indifferent to any ulterior considerations other than those of the speedy opening up of the Transvaal and the development of its material resources, provided always that the external decencies of civilisation are fairly preserved. Should the interests, therefore, of miners and landowners conflict with the higher considerations of general policy, it is to the different sections of the Liberal party that we must look to restrain them by a policy which will satisfy the nation at large. How, then, do the Liberals propose to deal with it? Why, as we should know beforehand, by clapping the old, played-out Utopia and dream of the abstract rights of man, of abstract liberty and equality, as extinguishers on it! Not that they would mind the indenturing, the confinement to special task-work, or other onerous conditions, into which the coolies have entered of their own free will, but because the old ballot-box (which with its vote for every creature above the level of the ape has been, as we have seen, the curse of America in its dealings with the negroes) is not to be thrust into their hands. It is strange, but true; for have they not distinctly asserted and reiterated it? The *Westminster Gazette*, one of the accepted Press champions of Liberalism, has pressed the point over and over again, that it is not the indenturing of the Chinese that it objects to, but the fact that when they have served their time they will not be allowed to mix freely as citizens with the whites and with each other, not have votes like other people, and not be allowed to

intermarry (even if they filled up the very landscape with half-breeds), so as to fulfil the law of perfect liberty and equality!

And now we have to ask, what the party of Evolution would say to this monstrous proposition? This, namely: that the mixing of antagonistic races on the same areas and soils is, as I have elsewhere said, the supreme crime, the supreme treachery to the future of a country; more infamous than treason in war; and for which the names of all engaged in it must be execrated in after ages—as, indeed, the history of the negroes in America, of the mixture of Spaniards and Indians in South America, of Greeks, Bulgarians, and Turks in the Balkans, of the Magyar, Slav, and German in Austria-Hungary, and of the Jews on the Continent everywhere, has demonstrated and painted in colossal characters black on the walls of the world. And that for the following reasons:—The first, and the one on which the others depend, will come to most people as a novelty, and yet to Evolutionists it need only be stated for its truth and significance to be at once seen. It is this: that Civilisation, with its fine flower of all that is best in character, intelligence, morality, and love of truth and justice, and which it is as much a part of national honour with each generation to transmit untarnished and undimmed to its children as their heritage and birthright as the national soil itself, is *not* a thing which is built into the very texture and organisation of a people, like their appetites, their sensual loves, their love of children, and the like, as a thing of course, whose indefinite continuance may be as much taken for granted as the continuance of abstract time itself. On the contrary, it is as much an artificial product and hot-house growth as the flowers in a conservatory, and like them will, without the most assiduous care and culture, speedily relapse into the wild state again. Unfavourable material and social conditions, like unfavourable atmosphere and soil, will, indeed, gradually destroy the finest qualities of fruit and flower of civilisation, but if you would ruin them all at a stroke, all

you have to do is, as with the finer breeds of dogs or pigeons, to mix antagonistic races on the same areas, and let them have a free run of promiscuity. If this were consistently carried out, and on a sufficiently large scale, you could set back civilisation as much in a generation as in a hundred years by the ordinary processes of decay. Not even intermarriage or promiscuity is necessary. Mere proximity is enough. Transplant enough Kaffirs to England to do its menial or unskilled work, and enough Chinamen or Hindoos to do the more refined and skilled forms of labour, and in a generation or two not an Englishman could be found to do a stroke of manual work for love or money. England as a factor in civilisation would be wiped out of the high circle of nations, and its inhabitants would differ as much from the men we know as the "mean whites" of the South before the War did from their go-ahead brothers of the North who have made the America of to-day. So precious, but skin-deep and precarious a thing is Civilisation ! Now, the reasons why a civilisation is so quickly destroyed by mixing the breed are mainly three. The first is psychological, where the effect of such admixtures, especially when the races are so radically different as the Aryan and Semitic, the Negro and Mongolian, is, as is well known, to eliminate from the offspring the best points in the character of both parents, and to bring them down to the instincts of the barbarians from whom all civilisations alike have started ; in the same way as crosses between the *finest* opposite breeds of pigeons are sure sooner or later to bring a reversion to the wild "blue rock" pigeon from which they originally sprang. The second effect is a result of the first, and is sociological, namely, that all the finer products of civilisation and morality which come from the breed or stock of the men on whom these products have been engrafted, are by this admixture quite shorn away, and the work of civilisation has all to be worked up again from the beginning, and this time from an inferior stock ; so that the very end for which the idealist reformers are so zealously striving, namely, a higher



morality, is, like the song of an over-fed canary, blasted by the means used to compass it.

The third effect of mixing antagonistic races on the same soil is to degrade the higher code of morality of civilised peoples by reason of the political and social antagonisms it engenders and the passions it lets loose, and which, if continued long enough, will, as seen in the lynchings of negroes in America, gradually sink society to the ethics of the ages of barbarism and civil war; and so again the work of civilisation will all have to be built up afresh from the beginning.

It will thus be seen that the object of our new party of Evolution is to supply a *norm or concrete image founded on the laws of History and Civilisation*, to which the other parties, founded on class interest or cosmopolitan sentiments, can turn, to check each other's exploitations, vagaries, or reactions; a table of relative values for those, on the one hand, who would make two and two five, and for those, on the other, who would make them three; a kind of political mariner's chart,\* with a steady line by which to steer amid the alternate plungings and reactions, the driftings and thwartings which inevitably ensue in parliamentary government when one party is based frankly on material interests, the other on purely millennial ideals.

But, being a party for action and not for platform oratory or party propagandism, it is primarily a body of doctrine for all those who in any way take the *initiative* in public affairs; and therefore for ministers in power, and when actually engaged in making laws to meet practical emergencies, rather than when in opposition. It is a body of doctrine, too, for the Academical Specialists holding chairs of sociology, politics, and political economy in the Universities, whose judgments given before Parliamentary Commissions on questions demanding a co-ordinated knowledge of many specialisms, but delivered mainly

\* For the detailed historical basis of this article, the organisation of education, the treatment of subject races, and the different policy which the party of Evolution would prescribe for England, France, and America respectively, see my "History of Intellectual Development," Vol. III.

from the point of view of their own particular specialism, not only are not likely to be true, but *must* be more or less false. It is a body of doctrine, too, for the Working-class Leaders in and out of Parliament; for they are nothing if not intellectual, but being, from the lack of the necessary opportunities for culture, too often men of one book, if left to themselves they usually deck themselves out in the old clothes of some favourite authority—Mill, Karl Marx, Cobden, or other—just at the time when men of more catholic culture are leaving them off. But above all it is a body of doctrine for the Press, and for all those engaged in political writing, whether as authors or publicists—but mainly for the Press—and that for a number of reasons. In the first place, the Press is the official political instructor of the Public, the sole mediator between it and Parliament, having managed like a College of Cardinals to extrude from political influence all other *mere* writers but those of its own body. In the second place, the Press occupies what I venture to think is the right attitude in dealing with public affairs, namely, not that of the doctrinaire, the pedant or the academic specialist, but that of the man of wide general culture who collects his arguments and material for judgment from all the specialities, according to the nature of the problem and the material with which he has to deal. But as drawback and set-off to this, it has, in the third place, neither sufficient instruction nor the right kind of knowledge for its purpose; for neither its snapshots at the passing day, its history books, nor its encyclopædias will avail; nothing but a scientific *correlated* knowledge of civilisation as a whole—a separate science in itself, but one which the Press affects to have no need for, or else studiously seeks to ignore. And, in the fourth place, it will neither itself take that initiative in legislation which its mediating position between Parliament and the Public demands, nor will it have a care that only the first-rate players of the game should have that initiative. Now, this is not the case either in America or in France; but in

England, where the Government waits for the voice of the constituencies, and the constituencies for the lead of the Government and the Press, the Press in turn sits waiting for the lead of both, with the result that all alike lean on each other, back to back, in a kind of frozen circle of enchantment! It is true that not long since the *Spectator*, not waiting for red tape and the War Office, boldly took the initiative in putting forward preliminary suggestions as to the reorganisation of the Army and Volunteer forces; that the same journal, with the *Times*, *Westminster Gazette*, and other papers, on the rumour of the Bagdad Railway and the Venezuelan imbroglio, intervened at once to stop the mischief without waiting for a Cabinet decision; and these, together with the impetus originally given to go-ahead journalism by Mr. Stead, and now by the *Daily Mail* and *St. James's Gazette*, are all admirable examples of the function which the Press by its position in a self-governing State (where the Crown has lost its initiative) ought to fulfil.

But, taking its origin in a time when the government of the country was in the hands of a few great territorial families who divided the executive offices of State between them, and initiated all policy, foreign and domestic—and when it would have been regarded as as great an impertinence for either the Press or private individuals outside these restricted family circles to venture to suggest a new policy as it would be to-day in the dominions of the Czar—the Press more or less feels and acts as if it were still not its place to initiate any new policy or principle, to stir up any new question or issue, but only to express an opinion when its opinion is asked for by those whom it loves to contemplate under the jealously-guarded, rigorously-exclusive and quasi-sacred designation of “statesmen.” Now, this were both right and proper were the individuals so designated, as in Science, the professions, cricket, billiards, or chess, the picked and winnowed players in the game, but, returned as they are to Parliament for any and

every reason almost but those relevant to the real game of statesmanship—for mere wealth or title, stump oratory or demagoguery—and often from the class who make it their boast that they “don’t want to know,” and that it is “not good form to be keen,” there is little more chance of their being the picked players of the nation in those higher walks of politics which require science and not hand-to-mouth expediency, than if they were picked haphazard from the crowds that pass along the Strand. And when we think of how they rise to Cabinet rank and get the blue-ribbon badge of “statesman” affixed to their breasts, with their column and half-column of Press reports for their lightest utterances (while all the rest of the world is thankful if it get half-a-dozen lines) the thing becomes ludicrous. One man rises to full-column Press consideration, and to within sight of the Treasury Bench, by making a specialty of small epigrams, which he carefully hatches in his study and fires off in the House to be borne on the wings of Press quotation to the remotest constituency—epigrams which the hard-up literary hacks of the British Museum or Fleet Street will turn you out for a few pence apiece! Another, especially if he have a safe constituency, hopes to rise by emulating the example of the late Lord Randolph Churchill, and by baiting the Ministers on his own side (with a spice of personal abuse thrown in) either gets a minor office to keep him quiet, or secures public favour by the prominence given to his utterances as “good copy.” One goes on the grand tour of the provinces at a critical juncture, and, by the full-page reports which he gets, finds to his surprise on his return that by the mere reverberation of his name, and its constant appearance on the placards, he has already quite outdistanced his former rivals and equals. Another happens to get his name attached to a particular clause or amendment of a Bill, the “Hecate-clause,” the “Kenyon-Slaney amendment,” or what not, and it is his own fault if he is not borne on it to political fortune. The “safe” man, again, oftenest rises by a small assiduity and

diligence, as of a responsible head-clerk, in memorising the figures of Blue-book and statistical reports, or by the more solemn kinds of gravity befitting the traditional conception of a statesman; the mere *number* of times he rises in Committee being the measure of his importance, and scored as if (as in cricket) they were real "runs"! But, strangest of all, another will get his column or half-column of report before he has barely had time to take his seat in the House, and that, too, without any effort at all, except the reputation he brings with him that he is in some way or other like his distinguished father who preceded him! and so on; all of them ways, as if purposely devised, to catch the tenth-rate players, but as little likely to catch first-rate statesmen as they would be to catch first-rate chess players. In all other games the great players are so winnowed that they represent the best the nation can show; in the game of statesmanship, it would be a miracle if by present methods a really great statesman appeared once in a century. Statesmanship deals with large principles of general policy, and now that, through rail and telegraph, the whole nation is one large ear, the Press, were it alive to its full range of duties and responsibilities, could as easily collect, focus, and register the best solutions to all political questions that anywhere appeared, and the best men to handle them, as it now does the answers to its prize puzzles. But with its ear resolutely fixed, and even glued, to the utterances of the few Parliamentarians who have risen to Cabinet rank by the above or other means, what chance or hope is there of it? And, after all, what has the mere holding of Cabinet administrative office to do with the great principles of statesmanship? Nine-tenths of the work is already done by the Permanent Under-Secretaries, and the reason it is not all left to them is because it is believed that the Cabinet Ministers will bring with them from the outside a breath of fresh air and originality. But do they? And are the training and work of the rent receiver, the carpet manufacturer, the barrister, the solicitor, the bookseller, likely

to call forth those greater qualities of statesmanship which depend on a knowledge of History, of Evolution, of Civilisation?

My conclusion on the whole, then, is, that unless the Press can contrive to let its searchlight cover more of the intellectual landscape than the squirrel tracks leading to the House of Commons, no statesman of higher rank than a third-rate player will, except by accident, be found within its portals.

---

## CHAPTER VI.

---

### TAXATION SCHEMES AND THEIR VALUES.\*

**I**N the present article I propose to raise afresh the problem of Taxation from the point of view at once of Sociology and of Political Economy.

Now, of all the various schemes of Taxation, those which will find a place here, owing to the numbers or importance of their following in the country, may be divided into two categories.

The first, which stands by itself, is what we may call the Treasury scheme,—for it has received the sanction of all the Chancellors of the Exchequer, whether Liberal or Conservative, from the time of Pitt down to the present hour. It goes on the principle that Taxation is to be levied, as far as possible, equally on the *incomes* of all *classes* of the population, whether directly or indirectly, and without consideration of *how* any or all of them came by their incomes, so far, that is to say, as any canons of justice outside or beyond the mere conformity to the existing laws of the State are concerned. This Treasury scheme is founded on the Old Economy of Adam Smith, Stuart Mill, and the whole body of Academical Economists, with their triple watchwords of *Laissez Faire*, Free Competition, and the “Devil take the hindmost.” It is only quasi-evolutionary in principle, inasmuch as coming down from the past and being

\* Financial Review of Reviews, April, 1909.

changed in detail from year to year for purposes of revenue, it has never yet incorporated into itself from the environment anything outside of, or beyond, these, its original principles.

The second category, on the other hand, consists of those recalcitrants who a generation ago began to raise the question of how these different classes of people came by their incomes, and whether it was *right* that they should have them at all or not, to be taxed. These men have broken themselves up into different divisions or schools, but have now so increased in numbers that they lie like whole armies of rebels in the field, overshadowing and threatening the Liberal camp itself to which in their ultimate general economic principles they are naturally allied. They consist, firstly, of the great body of Land Taxers, of whom the *Daily Chronicle* has made itself the representative, all of whom derive ultimately from Henry George; next of the taxers of the Capitalists, as represented on the one hand by Mr. Sidney Webb and Mr. Bernard Shaw in the County Councils and Municipalities, and on the other hand by Mr. Ramsay MacDonald and Mr. Snowden with the Independent Labour Party as their following in the House of Commons and the country; all of them being the pale exsanguined ghosts of Karl Marx and his army of Continental Socialists; and lastly, of the advanced Liberals and Radicals, whose scheme, although founded on the Individualist principles of the Liberal Party, has now become so encompassed and interpenetrated with Socialism, that it, too, finds itself in the field against the traditional principles of the Treasury and of the Liberal Party to which it naturally belongs.

Now, all these men take their stand not on Evolution, but on something which they love to represent to themselves either as Eternal Justice, or Ideal Human Justice; the whole or a part of which they would ruthlessly apply *now and here* to whomsoever it concerns, as a protest against the traditional method of the Treasury, which (as it regards all incomes as the result of Work and Saving) considers Justice in taxation to be fully



met when it has distributed its burdens equally on all classes and persons alike according to their respective incomes, without regard, as we have said, to how they came by them. Henry George himself would apply it in full measure, and let his heavy axe fall on the necks of all Landowners whatever, with its full weight of 100 per cent., and so decapitate them outright! But he would not touch a hair of the heads of the Capitalists, on the ground that, owing to the ease with which they can pass over the borders to join the ranks of the Labourers, and the Labourers over to them in turn, like water at opposite ends of a trough, neither can exploit the others of anything that is *justly* due to them.

The extreme Socialists, again, who follow Marx, agree with George as regards the Landowners, but would go a full step farther, and include the whole body of Capitalists as well in one fell swoop and condemnation. This they do on the ground that, as Machinery and the great Chemical processes are the origin of all the "surplus wealth" by which the vast populations of Europe are maintained, and as the existing laws have already sweated or starved the great Scientists and Inventors down below the taxable point (unless, indeed, like Kelvin, Edison, and Marconi, they have become their own manufacturers), the ordinary Capitalists have no claim to a penny of what is actually produced by the labour of their Workmen, skilled and unskilled. Off, then, with *their* heads, too, to the tune of 100 per cent. taxation! This we may call Eternal Justice, or Ideal Human Justice, in its *full* measure, now and here!

But the rebels whom I am now to consider, and who have all sprung originally from the loins of Henry George or Karl Marx, or of the two combined, are at once more modest and less precipitate in their claims; and would give the Landlords and Capitalists a longer time to turn round in before their ultimate extinction. Their method is to inject the virus of taxation into these, their victims, by easily graduated instalments, as it were, satisfying the demands of Ideal Justice the

while by a snippet only at a time from the skirts of her robe ; and trusting either, as Mr. Sidney Webb, Mr. Shaw, and their followers do, to the ingenuity of their own particular scheme, whereby, after a small preliminary tax laid on the landlords, all will follow, with ease and without further disturbance, the general laws of business competition ; or, as the Land Taxers of the *Daily Chronicle* do, to the trick which they think they know, whereby a tax when once laid, will, like a tombstone on its incumbent, lie where it falls, without the possibility of its ever being shifted !

Let us, then, proceed at once to pass under review the separate contingents of these rebel Taxers, all devotees of Free Trade, as they lie entrenched within the borders of the Liberal camp, and see how they will figure under closer inspection and analysis.

And, first, we will take, as our objective, those fallacies of the Treasury scheme of Taxation which have caused all this defection and revolt. They may be all summed up in the single watchword which successive Chancellors of the Exchequer have accepted in all simplicity from the Old Economists, namely, that "capital is the result of saving"; from the deification of which virtue, indeed, they have been fortified in their conclusion that justice will be broadly done if you tax men rigidly according to the amount of their possessions, without inquiring more curiously as to how they came by them. Now, this was all very well in the days of the small *competing* capitalists for whom this system of taxation was originally designed. But to-day the great capitals are made not by Saving, but by Combination, Scarcity Value, or Monopoly—as we see in the giant Trusts of America, which have extinguished there all hope of a return to the days of small private competition ; or even in England, where combinations, as readers of Mr. Macrosty's authoritative work may see, are marching to the same consummation with an ever accelerating stride. That the Treasury should imagine that the £100,000,000 or so of

Mr. Rockefeller, or the £40,000,000 odd of Mr. Carnegie, were solely the result of Saving, was to damn its scheme of Taxation from the beginning; and was enough of itself to call all these rebel hosts into the field.

Gladstone, who was more infected and hypnotised by this delusion of Saving than perhaps any other man of his time (even after he had lived long enough to see these vast exploitations of the American Trusts), could close his eyes on the Treasury Bench, and praise the Lord for the money-saving virtue of which colossal fortunes like these were the blessed fruits; and would have hesitated as much to put an income-tax on these Leviathans (except on the rare occasions when the pinch of his Free Trade policy of taxation for revenue compelled him) as on the smallest capitalist minnows in the stream. With the shades of Adam Smith and Cobden ever before him, he was haunted as much by this shibboleth of "Capital, the result of Saving," as a savage is by a ghost or the magical taboo of his tribe; and crossed himself day and night continually for his sins, until he had taken the obnoxious income-tax off again! But the Liberals of the present day have no such compunctions, superstitions, or fears; and it may safely be predicted that, so long as a Free Trade *regime* lasts, with the increasing perplexities of how to find revenue enough for the necessities of a modern civilised State, never again will those who possess incomes over a certain *decent* amount find the incantation or drug which will "medicine them to that sweet sleep which they owed yesterday."

#### THE SCHEME OF THE FABIAN SOCIETY.

Let us turn, then, to the men who are prepared to disturb this complacent *naïveté* of the Treasury, and begin with the scheme of Taxation of Mr. Sidney Webb, Mr. Bernard Shaw, and the Fabian Society, a scheme which exercises a vague, diffused influence over the "intellectuals" of all classes engaged in the study of these problems.

It proposes to start from the extremities—the Municipalities—in the hope that if it succeeds in them, it will have thereby converted to full-blown Socialism the entire policy of Parliament and the State. It is an elaborate scheme, and yet simple and superficially harmonious in its construction, and by its autonomous action proposes to create the smallest amount of initial disturbance in the existing order; and, indeed, were it not so slow in its action as to take a millennium to realise it in, its easy, Bobadil-like air of confidence and self-sufficiency would give it an insidious kind of attraction for the less furnished minds. Its plan is this:—The Municipality will purchase at market rates any piece of land it may want for its own purposes, and pay for it by taxing all the *other* landlords in the municipal area at a rate just sufficient, and no more. It will then erect a municipal workshop, or start some business on this site, which being now *free* from ground rent, will be able to under-sell all other private capitalists in the same business who still have to pay this rent. It will then buy up another piece of land for another kind of business or workshop, and then another, and yet another, until the landlords are all paid off; the amount of the tax on the remaining landlords at each stage becoming, like the price of the Sibylline Books, ever the greater the fewer in number they become, until at last, as they look around on the dead bodies of their *confrères*, strangled by this insidious Municipal taxation, they can only emit a groan and die!

But the private owners of business premises, especially of those valuable sites which would enable them to hold out against the competition of the Municipal businesses in spite of the freedom of these latter from ground rents—What of them? Why, says Mr. Shaw, nothing could be easier than to bring them to their knees. Let the Municipality run a tramway, say, in a direction that would take their custom away from them; or neglect the paving of their street, until their customers had to wade through a sea of mud to get to them;

or, if that did not suffice, erect a lunatic asylum within earshot of them; or, finally, if that, too, failed, try the effect of a smallpox hospital in their immediate neighbourhood! And if that does not put a whole street of these obstinate competitors to flight, and throw their premises into the hands of the Municipality "for a song," nothing will! In all this, I recognise Mr. Shaw's sense of humour, but in his Fabian Essay on "Transition," in which it is propounded, he is serious to desperation, and "means business" all the same!

Having thus disposed of the Landlords and the competition of private property owners, how does he propose to deal with those "Managers of Ability" who play so great a part in the great American Trusts, where they are considered cheap for their money at £20,000 to £50,000 a year; but who in England earn, according to Mr Shaw, only about £800? Easily, says Mr. Shaw: "Establish Technical Schools all over the land, and they will then lie as thick as leaves on the ground, to be had, like present-day clerks, for the picking up." But should any "organiser of genius" appear among them, who would still enable the private capitalist to hold out against Municipal competition, or any great professional men who still get high fees, then put an income-tax on them which will sweat them down to the pay of an artisan, or even less—of a navvy! To this, Mr. Shaw thinks, the municipal managers of ability will *willingly* consent, on the ground that their importance, pomposity, and rods of office as Parish Bumbles or Mulvolios, will fully compensate them for any loss of pay! (Good Heavens! Oh yes! says Mr. Shaw, with pious unction (for he is a convinced fanatic in all this)—for "whosoever of you will be the chiefest, shall be servant of all!" After this puerile ineptitude, we may well exclaim with Enobarbus in "Anthony and Cleopatra," "Cæsar, thou hast subdued his judgment also!" For in it we see the cloven hoof of Karl Marx (from whom Mr. Sidney Webb and Mr. Shaw originally derived their fanaticism—namely, that the pay of all men whatever should be equal as

counted by hours of average "labour-time" alone) appearing; and the more deadly earnest they become in their advocacy, the more apparent it is.

Now, my reply to all this may be put in a few words:—In a general way, I may say that it is Utopian throughout, and that the chain of consequences which they expect to flow from their original small tax on Land Values is so full of fallacies at each link, that it is impossible it should ever "materialise."

In the first place, it is Utopian, because it begins at the wrong end, at the Municipalities—at the back door, as it were, and by way of the tradesmen's entrance—*before* they have got their sword of taxation at all from the authority of Parliament, and by permission of the Central Power. The consequence would be that, with the guillotine thus suspended over them, Landlordism and Capitalism would consolidate everywhere into a fully-armed phalanx, ready to crush it long before it could make its first move. To imagine that they can reconstruct society by beginning at this side-door entrance, and playing their game there of hide-and-seek between municipal and private capitalists, like boys on the village green, is to justify us in believing that Mr. Webb and Mr. Shaw must have sat all their lives, as an eminent American once said, "watching the rat holes of life while letting the elephant pass by unheeded!"

Secondly, it is as fallacious as it is Utopian, inasmuch as it rests on absolutely *free competition among petty employers*, whereas the great watchword of business to-day, as we have seen, is Monopoly through Combination. It is true that these great capitalist monopolies in the cotton, wool, hardware, brewerics, soap, and, indeed, every other trade, are built on municipal or parish land *somewhere*; but their works, or premises, are so few in number that they may practically be counted on the fingers. To believe that the remission of ground rent to all the tens of thousands of petty municipalities in the kingdom would enable one or all of them thereby to

compete with these few giant private manufacturers of the staple necessities of life, merely because the latter would still have to pay the rent, is a dream. For however large this Land Tax may be when their works happen to be in the centre of great cities, it is but a trifle in comparison with their enormous business turnover; and unless you tax their capital almost to extinction as well, they would overleap every municipal wall, and break down and trample out each little municipal business in detail as it arose, while still carrying the load of Land Tax on their shoulders with an easy grace. And if our own great Capitalist Magnates could not do it, the great Trusts of America, whose land taxation is inappreciable, would, with our Free Trade policy, soon teach Mr. Webb and Mr. Shaw how easily it could be done.

Thirdly, this scheme is inconsistent with itself, inasmuch as it is precisely on these *combinations* of Municipal businesses, working on a great scale, that they rely to oust the stronger private Capitalists who threaten to hold their own; and precisely by the same means as those used by the great existing Combinations and Trusts, namely, by setting aside large blocks of over-remunerated capital to crush them out by underselling them.

As for the Education that is going to breed a race of "managers of ability," who, on account of their municipal pride of office, can be had for "less wages than an artisan"—What kind of managers and organisers do they expect them to be if they are to stem the tide of the great Combines? A whole race of managers of ability you can breed by Technical Education it is true, as you can clerks of ability by School Boards; but the few great organisers of genius whom the big combinations must have at any price, are born and not manufactured in the gross; and unless things will so change under Mr. Webb and Mr. Shaw's *régime* that men will be as the angels in heaven, they will *not* be picked up by municipalities at "less than the wages of an artisan"! It is clear that

although this scheme seems to lay claim to our consideration on the ground that it is a very slow and evolutionary one, it is not an evolution that would complete itself in the short span of a few mortal lives, but one that works rather on the slow scale of Nature, each step of which takes a millennium to make good !

### THE SCHEME OF THE INDEPENDENT LABOUR PARTY.

As for the Taxation Scheme of the Independent Labour Party, with its mixed following of Socialists and Trades Unionists, little need here be said, inasmuch as it is pervaded by precisely the same fallacies and Utopias as those I have just passed under review—but with this difference in the quickening of the pace of its evolution, that it has two strings to its bow instead of one. It would tax the “unearned increments” of capitalists, as well as the ground rents of landlords; and if it once got a foothold would soon skin them both as effectually and completely as the Marxian Socialists propose to do; the one by a tax on land values, the other by a super-tax on incomes. It is more revolutionary, but less Utopian, than the scheme of the Fabians, inasmuch as it proposes to enter into power not by the back door of the Municipalities, but by capturing the Central Government whenever it can pack the House of Commons with a sufficient number of its own nominees.

### THE SCHEME OF THE LAND TAXERS.

With this, we may now pass to the much-debated scheme of the Land Taxers—with the *Daily Chronicle* as its representative. They are essentially followers of Henry George, but on the instalment and small increment plan, and, like their master, far from touching a hair of the head of the Capitalists, they would even make them a substantial present by relieving them of a portion of their taxation, by shifting it on to the Landlord's ground rents; and, like good Radicals, all on the specious



plea that it will eventually find its way into the pockets of the hard-worked, struggling poor. Their scheme, in brief, is simply to put a tax of a penny in the pound on to the market value of land, in the belief that half of it, say, will go to help the necessities of the Treasury without resort to Protection, and that the other half will be taken off the taxes now paid by the farmers on their buildings and improvements, by the builders on the dwelling-houses or business premises they erect in cities and towns, and by property holders of any kind everywhere, as distinguished from the ground landlords. And the theory on which they proceed is, that according to the teachings of the Old Academic Economy, a tax on land cannot be shifted, but must lie where it falls; whereas a tax on all industrial works, constructions and operations whatever, engineered by Capital, will be shifted by the Capitalists on to the already overburdened shoulders of the "consumers"—the great body of the population.

Now, nowhere will the curse of that old dead Economy of the Schools, when used as text-book and gospel, become more manifest than in a dangerous experimental scheme of Taxation like this of the *Daily Chronicle*. For it proceeds from foundation to roof on the pre-supposition that a *competition* alert and omnipresent presses everywhere like an atmosphere on each and every square foot of all departments of industry, and of all the employers, organisers, and workers engaged in it; and in justification of this, they point to the shoals of applications that come by every post for situations of all kinds, qualities, or degrees everywhere, and from all points of the compass. It is this that lends the doctrine its plausibility, but it is fallacious nevertheless. For Competition, in this its full-blown universality, is as a principle strictly limited to the class of the *employed*, as distinct from their masters; and to the *products* of industry as distinct from the *instruments of production* owned by these masters. It is only *partially* operative among the capitalist employers themselves; but

among the greater magnates (so far, that is to say, as the *Daily Chronicle's* dependence on it as a panacea against shifting is concerned) it is scarcely operative at all. For in the present day, it has among these been almost entirely replaced, as we have said, by Combination (or by gigantic private capitals which in themselves have the power of combinations), and by whole or partial Monopoly; and every consequence that hangs on this state of affairs is, it is to be observed, the diametrical opposite of the corresponding one which follows from the law of unlimited Competition. For by Competition, every business bargain that is made between man and man is cut down to a money minimum of difference; whereas by Combination or Monopoly, this difference is everywhere expanded to the maximum; so much so, indeed, that one of the parties can often make a fortune by a single coup while the other may be skinned to the bone—as may be seen in America to-day, where the great Trusts have managed to get their ropes around the necks not only of their Employés and of all other Capitalists of lesser degree, but of the Stock Exchangers, of Bankers, of Financiers, of Inventors, of Organisers, of the general population, and even, in a degree, of the Government itself!

Again, there is no level law of competition between the Capitalist Employers and their employés—who can be crushed out in detail (unless they are protected by their Trade Unions) as they always have been. The employés lie on a *level plain*, and are exposed to universal competition; but the great productive Combinations and the Trusts, the holders of monopoly or scarcity values, the landlords, and the builders on favoured sites, lie on *the slope of a hill*, as it were, in an ascending hierarchy of *bargaining power*; and between them there is little or no real, but only a formal, competition. For their *instruments of production*, according to their efficiency and scale of magnitude, already determine the results of competition *beforehand*, however many competitors may have entered the

market with the *products* of these instruments for sale. Whether they can shift a tax from one to another, or on to the consumer, will depend entirely on the *power* they respectively have of resisting or "exploiting" one another—it matters not whether that power is purely economic, from the weight of their possessions; or political, as the result of the position which the law gives them. As for the miscellaneous millions among whom pure and severe competition rules, they must for ever, so far as an even bargain is concerned, be among the exploited.

Replacing, then, the principles of the Old Economy with these principles of the New—how does the matter stand in this question of the shifting of a tax? It is evident, is it not, that it will depend on what I have called the *incidence of power*; and not on any mere vague presumption of a "square deal" through competition at all. The landlord can make a shrewd guess as to whether he can shift the proposed tax on his land on to one or all or none of his capitalist tenants: the tenants, on the other hand, will know to what extent he can afford to give them notice to quit if they do not pay the tax. If he be a duke, for example, with large estates of good land, it is probable that he will shift the tax on to his tenants; if a small squire, with sons at college to educate, he probably will not, but will pay the tax himself. So, too, with the ground landlords of favoured sites in great cities. While the leases of the capitalists who hold the property run, the landlords will have to bear the tax; but to imagine that the relieved capitalists are going to pass on the immunity from taxation of their buildings, to their tenants, in cheaper house rents, and without a fight to keep it in their own hands, is a myth. So, too, with the Builders on the outskirts of congested towns. If there are a number of them actively competing on borrowed money, the tenant will probably get the benefit in a remission of rent; if one of them be sole building king of the neighbourhood, he will probably pocket the difference, and make his tenants pay the same rent

as before. But the *Daily Chronicle* and its large contingent of Land Taxers, not perceiving that the area within which houses are desired on the outskirts of any town or city, even of London itself, is strictly *limited*, and that these limits once defined will in any given direction meet the wants of the people for, perhaps, a period of ten, twenty, or thirty years, will have it that the competition will and *must* extend these limits until the landlords let go their grip over their tenants—even if fresh builders have to take all the distance between John o' Groats and Land's End, or between the Irish Sea and the German Ocean, to do it in!

The thing is altogether ridiculous; and if the Chancellor of the Exchequer and the Treasury are, as is surmised, favourably inclined to this particular scheme of the Land Taxers—partly as a good war cry against “idle, do-nothing Landlordism,” and partly because they traditionally believe and act as if competition everywhere ruled without limits—let them consider well and think twice before they embark upon it. Not that they cannot get their own revenue out of it; for they stand to win by the tax whoever loses in the fight between the Landlords, the Capitalists, and the General Public as to who shall bear the burden. But if their aim, like that of the Land Taxers, be a larger instalment of *justice* as well as of revenue, they will be mightily surprised to find, as I venture to predict they will, that their sword of justice will in a good half of the cases be found to have fallen on the wrong necks! And further, that in the process, the existing investments of the poor in Building and Friendly Societies, and the monetary position of Landlord, Capitalist, and Tenant, everywhere, will be so disturbed, that the stable footing on which all credit as well as all business forecasts rests, will for a time be shaken, and the wealth of the country be more impaired by the stoppage of business, than the Treasury enriched by the tax.

To sum up my criticism, then, in a word—if this scheme of the Land Taxers and the *Daily Chronicle* is to succeed, it must

be accompanied by a drastic law making all contracts evading it null and void—with the endless interference with business enterprise which this would involve.

### THE PROTECTIONIST SCHEMES.

Let us now take a sample or two of Protectionist schemes by way of contrast. These differ from the Free Trade ones, inasmuch as they are based not on any fancied Ideal of Justice, whether in full flower like those of Henry George and Karl Marx, or to be injected only by gradual instalments, like those we have passed under review, but on ordinary *business* principles, and a total repudiation of the Old Political Economy and all its works. It would be idle for me to deny that I come to them with a very large measure of sympathy, inasmuch as in my "Wheel of Wealth" I have advocated a scheme of Protection more rigid than any of them, and more thoroughgoing than is to be found outside Japan.

It is necessary to begin with a passing formal allusion to the scheme of Mr. Chamberlain, as it, or something like it, will be the Treasury scheme when once the Protection Party comes into power. It throws away once and for all the *Laissez Faire* and other worthless baggage of the Old Academical Economy, along with its Gospel of Free Trade, but still lays too much stress, I think, on the value of the Competition principle which I have just exposed. It is accordingly rather a hesitating, tentative experiment and instalment in the right direction than a completed scientific scheme. Whether the putting of a  $2\frac{1}{2}\%$  Tariff on manufactured articles and a  $7\frac{1}{2}\%$  on food stuffs, is the ideal ratio for a Protective Tariff at the present time or not, is open to discussion; but these details can easily be modified, when once a start has been made, by the officials of the Board of Trade, by the Chambers of Commerce, the Tariff Reform League, or other expert agencies, when controlled at once by an alert Parliamentary Opposition, by the Press, and by competent independent outside Protectionist Economists

The scheme, besides, is one based, as it should be, on purely business principles, precisely as in the case of a great private estate, or a great private corporation like that of the Standard Oil Company; only that it is a *national* and not a private domain that is being handled by it. I need scarcely say that, personally, I am inclined to entirely bless it as the beginning of a new order of things, but one which for its perfecting will have to be broken up and extended as time goes on into ever finer differentiations, with ever increasing scientific precision, and with a more iron hand to control its operations—not only as regards imports, but exports as well. As to the amount of *ordinary human justice* that can be realised in the fair and equal distribution of the results of the scheme, this must be left to Parliament, the Pulpit, and the Press in combination, who on behalf of the community at large, will, like the Church of the Middle Ages, but with the finer ideal of the humanities proper to the present age, stand by and watch all the operations from stage to stage, to see that substantial justice according to these higher standards is done. This is *evolutionary economic* Politics in its true and best sense; and consists in first laying the Economic basis securely, and then injecting as much of Ideal Human Justice as the people can be made to absorb afterwards, or coincidently with it. But to commence with some abstract Eternal Ideal of Justice stuck like a postage stamp on the backs of certain individuals or classes so as to mark them out for exploitation for their sins (as we have seen the framers of the various schemes I have alluded to do), and then try to make taxation follow and conform to it, would be, like the fanatics of the French Revolution, with their abstraction of “Liberty, Equality, and Fraternity,” to turn a high ideal, good as a stimulus and inspiration, but useless as an instrument for working with, into a practical curse. But why, the reader will ask, should it *necessarily* do this? Simply because Man is only a higher animal that comes slowly down the centuries like other animals, grouped in families and herds under the direction of

leaders, and has as yet only the feeblest spark of this Ideal in him at best; and *human* justice, in consequence, as distinct from this white-robed ideal kind, must at each and every *point* in his evolution, be a *compromise* between the authority of Tradition, Custom, Power, Law, Precedent, and Family ties, on the one hand (with all the complex web of obligations which they impose on a society for at least a generation as the unit of time), and this abstract Eternal Ideal of Justice on the other. For this is only suitable to white-robed angels, or for Man when he has become as abstract and bloodless as itself. How this distinction between Human Justice and Ideal Justice will operate when men get their eye on it, and how it will affect the ideal taxation-schemers who with their gleaming blades would decapitate whole classes and families of mankind at once, or with their lancets more slowly bleed them to death, it needs no wizard to foresee. They have shied at sight of it, as their academical Economic brethren have at the New Protection Economy; but with Shakespeare himself as its prophet and sponsor, they will have in the end (unless Mr. Shaw puts his foot down!) to face it, and get accustomed to it, all the same! But to return.

The first, and in my judgment the most successful, attempt yet made to introduce a finer scientific differentiation into this tentative early scheme of Mr. Chamberlain—which, in passing, I may say was anticipated in its essential outlines some five or six years earlier by Mr. W. J. Harris, of the Statistical Society—was made by Mr. Henry Lowenfeld in a pamphlet published about a year ago, entitled “Our Unjust Taxation and its Remedy.” The basis of his scheme, in brief, is the separation in the case of all manufactured imports whatever entering this country, of the amount of *raw material* they contain, from the amount of *labour* which has been expended on them in the foreign countries from which we have received them. This, he believes, could be done with ease by our Associated Chambers of Commerce if they were supplied by the Board of Trade with

a complete and accurate list of all the variety of goods we import. He would then put a protective tariff on the labour only which has been expended on their production abroad, leaving that part of their value which comes from the raw material in them untaxed. This, in effect, would throw the manufacturing of all articles whatever for which we have any facility (and with our machinery and the hereditary skill of our workmen, for what articles have we not?) into our own hands, while giving us all the raw material we require at its cheapest rate. It would, besides, set all the mills and factories of all kinds at work for which we could find workmen; and so realise that first *moral* obligation of every nation, namely, to give the utmost possible employment to its own people.

But would it have this effect? In my judgment it undoubtedly would, provided Mr. Lowenfeld is right in saying that either the Chambers of Commerce or the Board of Trade can really discriminate between what is labour value and what is raw material value in the finished article. He avers that they can, and that he himself is prepared to "explain to the permanent officials the practical means of surmounting any obstacles which may baffle them." He claims for his scheme that it would turn our country from an ever-increasing importer of manufactured articles to an importer, largely or mainly, of raw materials; and that it would turn us back again, as before the *régime* of Free Trade, into our old rôle of a nation of manufacturers and shippers—the original basis of our wealth. This he illustrates by the pregnant instance of the Tobacco Trade, where the simple fact that manufactured tobacco pays double the import duty charged on the raw article, has had the effect of giving employment to something like double the number of men engaged in manufacturing it here, while the number of those engaged in manufacturing it for us abroad has remained for twenty years almost stationary. In a word, we now, in consequence of the duty, do the manufacturing ourselves, while they supply us with more and more of the raw material



necessary. By this scheme, Mr. Lowenfeld goes on to say, that our own exporters would be no worse off in their competition with foreigners, inasmuch as in the case of the half-manufactured imports which serve often as raw materials for our own more highly-finished products, they would be given, as is quite right and proper, a rebate on the tariff which they had paid on the foreign labour embodied in them; and thereby would be enabled to compete in the foreign market as successfully as before. And as upshot of it all, if on account of the tariff we had less manufactured imports than before, we should now have more raw material imported to balance the trade; while we should export quite as much of our own manufactured goods to pay for them all; besides getting all the profit that comes from the use of our own machines to supply our wants instead of paying the foreigner for the use of his.

And above all, and as a set off to the rebate, we should be giving employment to an ever-increasing number of competent workmen among our own people. He claims, besides, for his scheme, that by it there would be, firstly, a stability in the amount of Tariff that would be put on the foreign labour in an article, inasmuch as every manufacturer knows himself precisely the amount of that labour; secondly, that all traders would be protected by the tariff in an equal degree, because it would automatically adjust itself to the labour in each article; and, lastly, that by treating all alike it would make lobbying for favours to special trades unavailing, and political corruption impossible.

When once his scheme had been put into operation, he contends that the extent to which the tariff would fall more heavily on the poor than on the rich, or *vice versa*, would be known by the labour embodied in the goods these respective classes habitually consume; after which an income-tax on the rich, or a corresponding tax on the household budget of the poor, could be so laid as to make the balance of taxation fall equally on all classes of the community alike. As for a tax on

imported corn, with the object of re-peopling anew the vacant, half-deserted lands of England, and so helping the better to feed the population in the event of war—that, like the Army and Navy, belongs to the category of *political* necessities, which in the present imperfect world lie high above all else, and must dominate all mere considerations of taxation and its incidence. But here again, an equalisation of the incidence, so as to be fair all round, could be easily effected by a still further adjustment, either of the tariff or of internal taxation—and in it all there must be no more easy-going *laissez faire*, but a scientific coercive adaptation to circumstances and necessity.

Such is Mr. Lowenfeld's scheme in bald outline, uncomplicated by the admirable analysis of present day taxation which precedes and enforces it. In itself it is, in my judgment, an excellently clean-cut, scientific, and harmonious scheme, and much superior to the simpler, less differentiated, and rightly tentative scheme of Mr. Chamberlain—provided, as I have said, that the Board of Trade or Chambers of Commerce *can* clearly separate between the raw material and the labour entering into imported goods, which is its basis.

Personally, I can the more cordially approve of it, not only because it is the first and most important stage in that scientific differentiation required for the New Economy of Protection, and which we shall still have to carry some stages further before the Tariff is entirely water-tight and complete; but because it emphasises the principles I laid down in my "Wheel of Wealth"—namely, firstly, that it is the wealth-producing *powers of Nature*, and not of Man, that give to all instruments of production—whether of the Soil, or of Machinery, or of the Chemical and other processes which are their adjuncts—that "surplus" of wealth on which alone the increasing populations of the world are fed, and from which the rents, interests, or profits of all those who own this land or this machinery are drawn; secondly, that these wealth-producing powers of Nature are a *free gift* to their capturers and owners, over and

above all the mere human labour that is expended in preparing the soil or making and fitting the machines; thirdly, that in consequence of this, in the trade between nations, it is the nation which owns the most effective of these machines, and in the greater number, that gets this free gift in any and every deal between them; the other nations so far satisfying their wants the while, it is true, but economically speaking “eating their heads off” and merely marking time—at any rate until they can get better land, or the same or other kinds of machines of greater efficiency by which to exploit their trade rivals in turn. And, therefore, fourthly, that no nation should part with an instrument of production, even if it has become inferior to a corresponding one owned by its foreign rivals, without, in the international deals between them, haggling and bargaining for it by means of “reciprocity” arrangements and otherwise to the last penny.

---

## CHAPTER VII.

---

### PROFESSOR MARSHALL'S "MEMORANDUM ON FISCAL POLICY."\*

PROFESSOR MARSHALL, who is regarded by his circle of academic associates as "the greatest of English economists," has just published as a Parliamentary Paper, by order of the present Government, a "Memorandum" written by him in 1903 on the "Fiscal Policy of International Trade," and on it in this article I propose to offer some comments. It is a document of considerable length, and is divided into 82 separate paragraphs; but I shall only be able to give here the most general view of the character of his performance and of the kind of fallacy by which from beginning to end it is pervaded. In a general way it may be characterised either as an expansion of that Free Trade Manifesto drawn up by himself and twelve of the other academical High Priests of Political Economy in 1903, over which the Press, both Free Trade and Protectionist, made itself so merry at the time, on account of its pontifical airs and its solemn platitudes; or it may be regarded, on the other hand, as a concentrated basketful of all the old dead Political Economy of the schools on this question of Free Trade and Protection, emptied on to the benches of the House of Commons in a heap! But in every way it is a most poor and unsatisfactory document—vague and evasive at the points where it ought to be most definite and

\* "Financial Review of Reviews," January, 1909.

precise; heavy, confused, and platitudinous throughout; and each of its separate propositions so worm-eaten with exceptions that you can find no solid footing anywhere as you go along. Now, in saying this, it is not I that am seeking to damn Professor Marshall's "Memorandum" beforehand; for the President of the Economic Section of the British Association of last year has already officially done this for me. He said in so many words in his Address that the Political Economy of Adam Smith and Stuart Mill was dead; so, too, was that of Jevons; while that of the present Austrian and American schools was in not much better plight—and Professor Marshall's is but a concentrated rehash of all four! The document, as I have said, is only an expansion of the old "Manifesto" of 1903; and I take it as a piece of rare hardihood, therefore, on the part of Professor Marshall that he permitted this precious document to be tabled on the House of Commons; as if, indeed, it had come, by a consensus of opinion, triumphantly out of the ordeal of the Magazine and Press controversy of that year, instead of being received, as it was, with general derision. For while, during all that time, Mr. Garvin in the *Telegraph*, Mr. Wilson in the *Daily Mail*, Mr. Holt Schooling, Sir Vincent Caillard and others, in the Monthlies, were raining on its abstract propositions an array of facts, arguments, and accurately verified statistics that ought, if there is any virtue in human reason, to have drowned them out;—what did Professor Marshall and his twelve academic and apostolic associates in the Manifesto do? Reply? Not at all; on the contrary, in disgust at the indignity they had met with from the public, they retired, like the Olympians, to their lofty peaks, wrapped their cloaks around them, and with the tables of Economic Law under their arms, sat in silence and sulked! Professor Pigou, if I remember rightly, as the youngest member of the band, alone appearing as their champion before the people, but without result. Now, had the Government asked Mr. Hobson, for example, who is a Free Trader, to table a Memorandum on

Free Trade, it had been well; for he deals with realities, not with economic abstractions, and everything he says on Economics is well worth careful pondering; but the academic economists had long since boycotted his books for heresy, and their ban rests on him and them to this day.

But this by way of preliminary, and now let me at once come to the pervasive fallacies in Professor Marshall's "Memorandum," which have so discredited it.

1. The first great fallacy is one he has in common with all the academical economists, and lies in his splitting the Wheel of Wealth down the middle, as it were, into two separate and independent halves, and treating these as if they had no *necessary* connection with each other. He keeps the Production factors in wealth—the land, the mines, the factories, the machinery, and other instruments—apart from the Consumption factors which enter into men's food, clothing, and other necessities, conveniences, and luxuries of life, as if these were as different in fact as they are in name; whereas the slightest reflection will convince the reader that the two cannot for a moment be disjoined without producing endless fallacies in all our economic thinking. For it is precisely the *same* goods which are put on the one side of the wheel, from the land, the mills, and the factories, that are in the "turnover" taken off it to be consumed on the other side; and, it is evident, is it not, that anything which interferes with or clogs the mechanism of Production slows the *whole* wheel, and lessens Consumption as well; while this lessening of Consumption again, on the next turn of the wheel, causes fewer orders for goods to be given, and less wealth to be produced to meet them. On the other hand, anything that stimulates Production and increases its products, thereby raising either Wages or the *numbers* of Workmen employed, or both, stimulates Consumption also by increasing the demands of the workmen, who have more money to spend on the products; and this again, on the next turn of the wheel, stimulates production anew in order to meet this

increased demand, and so on indefinitely. In other words, just as in an ordinary running wheel you cannot accelerate the pace of one side without accelerating that of the other, or put a brake on the one without putting it on the other to a precisely equal degree; so, too, is it with the continuously running Wheel of Wealth. Now, what conclusions do I ask the reader to draw from this, and to keep in his mind for what is to follow? These, namely:—

1. That Production and Consumption must never be disjoined and treated *separately*, but always as a *continuous* process or whole without a break; and one in which Production and Consumption, continuously running into and reacting on each other, are to be regarded as *complementary* sides or aspects only. And therefore:—
2. That in any "Memorandum" or statement professing to be scientific, no cause operating primarily on the one side (whether it be the Production or Consumption side matters not), can show its whole range of effects until it is followed around the wheels *full circle* to the point from which it started.

Now, does Professor Marshall in the 82 paragraphs of his "Memorandum," or do his academic Free Trade colleagues, in their books, follow the effects of a tariff, or the absence of a tariff, around the whole circuit of the wheel of circulation in this way? Not at all; or only when they are driven by some complication into a corner, and are searching about *anywhere* for some plausible avenue of escape. What they do is to confine their investigations to that side only on which the tariff at first *directly* falls, namely, the side of Consumption; or if they glance at Production, it is to consider the effects of the tariff on the *foreign countries* against whom the tariff is laid; as the reader will see, for example, in the long dissertation of Professor Marshall in his "Memorandum" (sec. 6-17) on whether any part of a tax on foreign imports is paid by the

*foreign* producer—and where, by the way, he decides with the Protectionists, and contrary to all Free Trade orthodoxy, that in some cases it is so! But it never occurs to him that the point is, what effect the tariff will have on the *home* producer. And the reason of this is, as I have said, that having split the wheel of a nation's wealth into two separate halves, which, as he believes, although they may have an occasional, have no *necessary* connection with each other, he does not think it either worth while or incumbent on him to consider its other side. Now, I protest that this procedure is as absurd as if a physiologist were to cut the human body in two, and then frame his doctrines from the effects of food and drink, on one part alone, without reference to the other. Indeed, if anyone doubts that Production and Consumption are but the two sides of a *single* process, and can never be disjoined in thought or business speculation, let him ask himself what is the reason that the great Bankers and Financiers who stand on the axle at the centre of the Wheel of Industry are obliged, if their business is to prosper, to keep an accurate register both of what is being produced and what is being consumed in the area of their operations, and never for a moment to take their finger off the pulse of this double movement. It is because in doing this they know that they can with safety make larger advances to farmers, millowners, and merchants, when the consumption of any of their products is likely to be greater; but must restrict their advances, when the consumption shows signs of falling off. And the great International Financiers do precisely the same for the world as a whole. And does this not prove to demonstration that Production and Consumption must be considered together at each and every point of any argument on Free Trade or Protection; and not separately and each by itself, as is done by Professor Marshall and his academical associates? Indeed, if it were for nothing else, a falsity like this at the very basis of their science would be enough to make their arguments as fallacious, bankrupt, and



out-of-date as are treatises on Arab Philosophy or Mediæval Theology.

With these preliminaries to show how unjustified are the authority and prestige which this old Political Economy of the Universities and Schools, of which Professor Marshall's "Memorandum" is the outcome, enjoys, we can now concentrate on the real *nodus* of this whole problem of Free Trade or Protection, namely:—As to whether or not there is anywhere to be found on the Production side of the wheel of industry any *gratuitous asset or surplus* which can not only neutralise a tariff put on foreign goods on the Consumption side, but if judiciously handled will recoup all national loss from the tax on the side of Production as well; and so will leave to the Nation a balance of wealth to the good? This is the whole problem in a nutshell; and according to how we answer it, shall we be Free Traders or Protectionists. It is necessary to put the question in this way, because Professor Marshall and the Free Traders deny that there is any such gratuitous surplus to be found *anywhere* as a set-off to a tax on foreign manufactured goods.

Now, that there is such a gratuitous asset on the Production side of the wheel, may be shown to be at least *possible*, if we can find anywhere a tax on Consumption which is not only recouped, but more than recouped, from the Production side—as everybody, including Professor Marshall, will admit. Now, what are the facts? In backward countries, as in Egypt, for example, a man like Lord Cromer will, as we have seen, add manyfold to the wealth of a nation, after paying all the additional taxes on Consumption which his reforms necessitate; and that merely by the superior *organization of its existing Productive forces*, without having cultivated a single acre of ground, planted a single fruit-tree, or built a single factory or mill at the public expense. In troubled times, this recouping of a tax by a great Administrator or Statesman is still more marked. When Bonaparte undertook the reorganisation of

France from the impending bankruptcy into which she had been plunged by the Revolution, he so vastly increased the *productive* energies of the country by the stimulus he gave to them through his superior *organization* of them, that when the balance was struck before and after his Consulate, it was found that the national wealth had increased so enormously that the taxes on consumption necessary to meet it had been reduced from 79 per cent. of individual income to 21 per cent.; and that, too, with all the expenses of his wars thrown into the opposite scale. Even in the midst of the colossal wars of the Empire, he never had to borrow a penny; the French Funds stood as high as with most nations in times of profoundest peace; and remained steadily there until the eve of his downfall. Economically speaking, it was an object-lesson on the grandest scale to prove that there is no mere necessary tax on Consumption which cannot be *recouped*, and more than recouped, by a nation from its Production side, if you only know where to look for, and how to organise its existing productive resources;—instead of sitting, as the Free Traders do, nursing the old fetish of *laissez-faire* which has been their bane, and terrified as misers lest a preliminary shilling tax once extracted from the people's pockets, can never again be recouped to them in this world!

But to all this Professor Marshall and his Academic followers will object that these administrative organisations are really *mental* assets—the gratuitous surpluses that come from the brains of great men,—and not from solid, tangible *economic* quantities, like a mine, a piece of land, a steam or locomotive engine, or a machine in a mill or factory. Precisely so; but if I can show them where they will find in the plant of these very mills and factories (for it is around these mainly that the tariff controversy turns) a *gratuitous* surplus infinitely in excess of any that can ever be got out of the mere reorganising arrangements of administrators or statesmen, I shall, I contend, have shattered the very foundations of the Free Trade theory, which

goes on the pre-supposition that there is no such surplus or asset anywhere to be found. Well! these gratuitous surpluses are so patent when once pointed out, that, like Columbus' egg, the wonder is that anyone ever could have missed them! They are to be found, of course, in the enormous *productivity* of the great Machine Inventions (which had no existence, it is to be remembered, in the time of Adam Smith) over and above all the cost of Labour spent in making them and putting them together. This, too, is a brain surplus, if you choose, but it is one proceeding from a different order of men to the Statesmen and Administrators;—primarily from the great Physical Scientists, who discover the laws and modes of operation of the great wealth-producing powers of Nature; next from the great Inventors, who by their constructive mechanical ingenuity are able to yoke these gratuitous powers of Nature to their machines; then from the great organising Capitalists and "Captains of Industry," who so arrange these machines that they shall do the greatest amount of work at the least cost; and finally from the great Financiers, who enable the Capitalists to increase the number of their machines as they are needed, and plant them on those areas of territory where they can function with the greatest efficiency. Now, where in Professor Marshall's "Memorandum," or in the books of the Academic Economists, shall we find any recognition of this enormous asset given by the *powers of Nature* as a free gift to a nation? Nowhere. If, therefore, I can now give a satisfactory reason why the Free Traders should have missed so obvious a surplus, and one which will more than recoup a tax on Consumption, I shall, I trust, be considered to have entirely justified my impeachment of them in this article.

Now, the first reason why they have not seen this gratuitous surplus is, that it has not been written down in the treatises of the Fathers of the Science, or in those of the line of Apostolic succession of the Professoriate of the Universities and Schools, who have hung on each other's skirts in regular file from the

Physiocrats and Adam Smith to the present time. The Physiocrats, from whom Adam Smith derived nine-tenths of his doctrine, frankly denied that there was any surplus to be found anywhere except from the Land; and contended that Manufacturers, Merchants, and Workmen alike "eat their heads off." Adam Smith was willing to admit that a certain surplus came from "the division of labour," as he called it, owing to the time it saved, and the greater skill of the workmen—as was shown in the manufacture of pins. Then came Stuart Mill, who was so impressed and even awed by these pins of Adam Smith—five thousand of them a day by "the division of labour" made by each man, if I remember rightly, as against two or three only a man without it!—that in spite of the great modern Machanical Inventions, with their enormous productivity staring him in the face, and in spite of his open-mindedness, he took not the slightest notice of these huge additional sources of wealth. And the reason of this again doubtless was, that seeing the Scientists and Inventors (who were the main authors of this huge surplus, it must be remembered), getting themselves either nothing at all personally for their labours; or, in the case of the Inventors, a sum which in most instances barely kept them from starvation for the fourteen years during which their patent-rights ran, he, naturally enough, concluded that that for which these men were not paid, could not have much *economic* value, however creditable to them otherwise! At any rate, he never saw any surplus on the Production side of the wheel which could be drawn on as a balance or offset to a tax or tariff on Consumption, except that caused by the "division of labour" of Adam Smith. Why, then, the reader will ask, did he and his successors, including Professor Marshall, not utilise even this comparatively modest asset in considering the problem of Protection or Free Trade? Probably because, having split the wheel of wealth into *two separate*, independent parts, they did not even think of it! There was an excuse for the Physiocrats

and Adam Smith, because they lived before the days of Modern Machine Industry; but there is no excuse for Stuart Mill, or for Professor Marshall and the modern school of Free Trade Economists.

Now, that I am right in saying that these older Academical Economists believed that there is no asset or surplus *anywhere* available which can counteract the depressing effect on Trade of a tariff, will be seen if we take their most definite and characteristic doctrines. They laid it down that all Wealth was the product of Labour, and of the organisation of labour by its capitalist employers. The pay of the Labourer, owing to the pressure of population on the means of subsistence, tended always, they believed, towards "a bare subsistence" wage. It was evident, therefore, that, as the labourer thus "eats his head off," no tax or tariff on *his* consumption, could be recouped from him, on his production, without driving him into actual starvation. As for the Capitalist employer, again, he, according to the Free Trade Economists, was only paid the bare interest on his capital, his bare wages for superintending the organisation of labour, and his legitimate trade risks. Here, again, it was evident that he, no more than the labourer, could stand any tax or tariff on the articles he wanted for his mill or factory without having either to throw up his industry altogether or go into bankruptcy. And hence we see why it was that the old Free Trade Economists really believed that there was no asset or surplus *anywhere* in the nation's Production, that could by any possibility recoup it for a tax or tariff laid on the foreign products which it used or consumed. But they forgot (because they did not even suspect) the tremendous gratuitous surplus which, as we have seen, the Inventors and Scientists, utilising *the free gifts of the wealth-producing powers of Nature*, had given the nation on its *productive* side, and which were packed and stored in the machinery of the factories and mills of the kingdom—a surplus which of itself would not only enable the

nation to stand an ordinary necessary Protective tariff, but would yield besides an enormous surplus to the good.

To make this quite clear, let us take a nation isolated from commercial intercourse with its neighbours; and let us suppose, to begin with, that its *productive* powers, as embodied in its Land, Mines, Machine industries, and Chemical processes, represent *on an average* a free, gratuitous surplus of, say, fifty units of wealth, got by it from the powers of Nature after all costs of labour, etc., have been paid.

Let us further suppose that this average of fifty units is made up of land, machinery, etc., embodying some of it one hundred units of gratuitous wealth, others eighty units, others fifty, and so on, down to thirty, twenty, or ten, until at last we get to ordinary horses and ploughs, carts, wheelbarrows, or spades, which we may represent by five units, or even by one,—all being gratuitous gifts, and all averaged at a standardized cost, whether in terms of horse-power or food-power, matters not. Now, let us imagine that this nation is England, and that the industries which would in a fair and open field still give her a world supremacy—say her cotton, coal, shipping, iron and steel, machinery, engines, woollens, hardware, etc.,—represent her one-hundred-unit standard of surplus work done for her by the powers of Nature for nothing; that others, like chemicals, apparel, leather, linen, etc., represent, say, a ninety or eighty-unit standard, while all the rest are but a common ruck of fifty, forty, thirty, or twenty-unit powers, in which she has little or no advantage over many other nations, and where a small difference of freightage one way or the other would be sufficient to put a stop to all exchange between them in these products. And now let us assume, for the nonce, that some one or more of these foreign nations has at last caught up to, and finally beaten England in her supreme, her one-hundred-unit industries, in her own *home* market, by however small a margin (so long as that margin gives the rival nation a final and definite power of underselling her)—say of two units in the

hundred—so that it can put its hundred-and-two-unit machines in the field against her hundred-unit ones, what then will happen? Clearly that her hundred-unit industries will be wiped out, and their great wealth-producing machines put out of action altogether; and that she will then have to fall back, first on her ninety and eighty ones, and at last on the poor fifty, forty, or twenty-unit standards of industry which would reduce her at a blow to the rank of a fourth-rate industrial power. And not only that, but she would have to carry down with her in her defeat the tens of thousands of workers who had been dependent on her high-class machines for their existence, but whom she could neither shoot like rabbits, nor allow to perish of famine like Hindoos, but must manage in some way or another to keep alive. In other words, while Protection would only lose her the three per cent. of Tariff necessary to keep out the two per cent. superiority of the Foreigners in wealth producing power, a continuance in Free Trade would lose her ten, twenty, or forty per cent. By Protection she would still keep her highest wealth-producing machines, and would lose only the small percentage of their *products* represented by the Tariff; but if she continued the Free Trade *régime* she would lose the machines themselves and *all* that they produce. In other words, if she were really defeated by the superior productive powers, natural or acquired, of other or larger nations, her descent and fall, under Protection, would be slow and gradual (in so far, that is to say, as she had to put on more and more tariff to protect her most valuable industrial assets), and would be only an *arithmetical* progression towards decay; whereas under Free Trade, like Milton's fallen angels, she would be flung sheer down from battlement to battlement in *geometrical* acceleration, to the bottomless pit itself! Is this good business? I think not. And if not, where, then, is the value of the Free Traders' old standing argument, that if we are beaten in one trade or industry we can turn to another and yet another, when that is seen to mean, not that we are to

walk along a *level* business thoroughfare where the profits or costs are the same at each stage, but are to be forced up a steep and steeper hill where at each stage we can only get the same amount of real wealth as before in a given time, at double, or treble, or quadruple its cost. At any rate, on the argument embodied in the above crude illustration alone, I am prepared, in the last resort, to take my stand, and to stake on it the whole case for Protection as against Free Trade; and all because, if I may put it in a word, the Free Traders have neglected to take into account in their calculations the immense and increasing surplus of gratuitous wealth given to a nation by the possession of superior machines over lower-class ones, when compared with the small difference of cost in the mere making, fitting, superintending, and running them; and because they have also neglected the broad fact that Protection is strictly analogous to Insurance; and that just as in Insurance you can, for a small percentage of its value, protect your property from spoliation or fire, so by Protection you can also for a small percentage of the value of their products, prevent your greatest wealth-producing machines from being brought to a standstill, without any compensation at all. Now, I protest that neglects of this kind at the very core and basis of the old Free Trade Political Economy is absolutely fatal to it. For where, but from the gratuitous surplus of these machines, do they suppose that the enormous and continuous increase of the wealth of nations like America, Germany, and France, who impose Protective tariffs high as sea walls, come from? And why, the reader will ask, have *present-day* economists like Professor Marshall missed this asset? Simply because, strange as it may seem, they have not seen or even looked for a gratuitous surplus from Machine Invention; but, imagining that Mill and the older Economists had settled the matter once and for all, have since his time concentrated on "theories of value," "marginal increments," and other ingenious academic exercises, which, whether true or false (and in my "Wheel of Wealth," I have tried to show



they are absolutely false), have no bearing whatever, one way or another, on the problem of Free Trade and Protection.

But to show into what a state of perplexity Professor Marshall and his associates have been thrown in this problem, we have only to look into his "Memorandum," where he admits that countries with "infant industries" may be protected. But why so, we ask, if there is no surplus wherewith to pay a tariff to be got out of *any* industry? Besides, when any one country has unified and consolidated its great industries to the point reached by America, for example, with its gigantic Trusts, and so has reduced expenses to a minimum, the manufactures of all other countries, even England included, must be put in the category of "infant industries," however supreme they may once have been. It is no wonder, then, that John Bright, on reading this exception to universal Free Trade in Mill's book, was heard to remark that the admission was sufficient to neutralise, for the cause of Free trade, the whole of the arguments in the remainder of his two volumes! It is not merely their "theory of value," therefore, that Professor Marshall and the existing Academical Economists have to perfect, but rather to remodel and reconstruct their whole so-called Science from the foundation.

If, then, I have proved to the reader's satisfaction that there is a *gratuitous asset* in Machine-industry which the Free Traders have missed, and one which is capable of recouping a nation for a tariff on its foreign products, we have now to see on the other side into what pitfalls Professor Marshall and his followers have fallen when they are defending Free Trade. And here, again, we shall see that they repeat their old fallacy of considering only one side of the wheel by itself, and without connection with the other. But this time it is the Production side to which they are glued. They admit *ad hoc* that any *particular* industry might be ruined under Free Trade, whenever any foreign nation was able by its superior efficiency to send us a cheaper article and of equal quality to that turned

out by our own machines. But instead of following the effects of this around the wheel to the Consumption side (where they would find that when a great industry has to close down, the whole body of workmen employed will, in spite of their duty-free loaves and shirts piled to the ceiling in the retail shops around them, either have to starve, steal or beg), they ignore this Consumption side altogether; and fail to see that with sufficient tariff to protect the industry and keep its machinery going, these workmen would still have enough of modest fare to keep them alive, out of that *gratuitous* surplus which, as we have seen, all the great machine inventions yield over and above the produce of men's mere hands. For, "what is the use of your 'free loaf,' " as the last remaining old Stoic of the Protection age who had come down to the time when Free Trade was the universally accepted doctrine of these islands, said contemptuously to me thirty years ago;—"What is the use of your 'free loaf' if you have no Saturday night's pay to buy it with?" This has since become so palpable a truism that it is almost an insult to the reader's intelligence to force it on him. I only do so to make more apparent the absurdity of Professor Marshall and the Free Trader's entire procedure in dealing with the problem. For, obsessed with the craze for keeping the two sides of the wheel *apart*, what they do is to consider how the loss of a particular industry (driven out of the field by foreign competition in its own as well as foreign markets), will affect, not the home *consumers* on the *other* side of the wheel, but the home *producers* on the *same* side. And their conclusion is, that the capital of the closed-down industry will be transferred in bulk, to help some other industry in need of it. If that, too, is extinguished by the free imports of some other nation which has caught up to and surpassed us, then the combined capitals of these two extinct industries will be again transferred to a third, and so on; and when all the manufacturing industries which have made England's greatness are extinguished one by one, the united capitals of them all can,

in the last resort, be put into jams, pickles, bottles, sweated clothing, and other nondescript *miscellanea*, which, one may note in passing, from the accumulation of capital thus invested in them, the whole world itself could scarcely take off our hands at a remunerative price ;—and when barred out of other nations by hostile tariffs (as they would be almost sure to be) would stand piled here in stacks so high and unsaleable, that, like the wheat of Western America, which, before the days of cheap transportation, was used to feed the pigs, it would almost pay us to make a present of it to the foreigner to get it out of the way ! The whole argument, especially in these days when the separate great industries are so compactly *organised in closely-knit co-operating groups*, and with multitudes of minor branches as adjuvants to each of them, is too ridiculous for serious discussion. For what does it mean ? It means that Professor Marshall and the Free Traders really believe that the Capital of a country is as round and solid as a billiard ball, which can be put first into one pocket, and then into another, then into a third, and so on, and come smilingly out of the last as unworn and undiminished as when it was put into the first ; instead of being like a “sweated” sovereign, which loses something at the coiner’s hands at each operation and transfer. If the reader doubts it, let him put his capital into a farm, and if that fails, into a manufactory, and then again into a wholesale concern, and see whether it comes out of the ordeal as solid and intact as our billiard ball ! And yet, with these practical facts of industry before them, the Academicals, with Professor Marshall at their head, still keep up their ghastly monotonous refrain :—“ If the capital of a country is driven out of one industry after another by the competition of one or another foreign nation, it can always recoup itself by being transferred to the *others* that still remain.” Is it any wonder, then, that business men have long since “kicked their foot” through this old so-called science of Political Economy, and ignominiously

flung it out of doors as the useless rubbish, the convicted, priggish, pedantic absurdity it really is?

But these are not the only patent facts that Professor Marshall and the Free Traders are blind to. They do not see any difference made in the problem of Free Trade by the distinction I have drawn in my "Wheel of Wealth" between *complementary* and *competitive* foreign imports. This distinction is vital and fundamental, and the neglect of it fatal. Complementary products are all such goods as we require either directly as food or as subsidiary and essential to our industries, but which we have no natural facilities for growing or producing at home—oranges, grapes, currants, lemons, tea, sugar, silk, coffee, gold, silver, copper, or the like. These can be admitted duty-free as helps and adjuncts, and with nothing but advantage to the general wealth of the country. But if anyone imagines, as Professor Marshall does, that therefore we can let in foreign products that directly *compete* with our own, duty-free, for the sake of their greater cheapness, let him fix his mind on the land that has gone out of cultivation and the hundreds of millions of capital which has been lost by our farmers, beyond redemption, in the last thirty years, from the free importation of foreign food and cattle, and say whether there is or is not any validity in the distinction. And the result will be precisely the same both in principle and in fact under the free importation of *foreign competitive manufactured goods*. I know that Free Traders will say in reply, that all these are but the cheaper products of foreign land and machinery more fertile and effective than our own, and so will be all to our gain. Now, this looks plausible, but it only brings out the same great oversight at the very core of their system which I have already so often pointed out. They do not see, and will not see, that the only *surplus* which can make a nation richer next year than it is this, comes, as I again repeat, not from the *labour* as such, but from the *gratuitous powers of Nature* in the soil, and in the great machine inventions; and as, in the

case now under consideration, it is the *foreigner* who owns the land and the machines, this surplus goes to *him*, not to us—except the small portion we *save*, as represented by the slight difference in cheapness of the price of goods under free imports and under a tariff; whereas the great bulk of our national loss is all our own, as our great instruments of production—our land and our machines—in consequence of this foreign competition, fall gradually but surely into disuse. Of course, if you do not mind whether it is your own or another nation that is benefited, so long as the *world in general* is benefited by the free exchange of goods—as, indeed, is the case with many good Free Traders who take a *cosmopolitan* standpoint—there is nothing more to be said. My argument concerns only what will benefit my own country primarily; and I take it that this is the point on which the reader will expect all my arguments to converge.

The truth is, that Professor Marshall and the Academical Economists have not the slightest conception that there is any difference not only between *complementary* and *competitive* imports, but between an *instrument of Production* and the consumable *products* of that instrument; and therefore they ought in theory to be as willing to put a direct tax on the instruments of production as on their consumable products. For if there is no difference between an instrument of production—whether it be a piece of land or a machine—and its products; if there is no asset on the Production side which is not balanced by an equal one on the Consumption side; there ought to be no difference between putting a tax on the instrument of production on the one side of the wheel, or on its products on the other. And yet who ever heard of any statesman in a civilised country, be he Free Trader or Protectionist, ever dreaming of laying a direct tax on an instrument of production—on a man's horse and cart, a farmer's stock-in-trade, a peasant proprietor's fruit trees, a manufacturer's buildings and machinery, etc.—however high he may pile them

on the consumable products of these very instruments? On the contrary, except under stress of the direst political necessity, he will keep them free as air, in order to give every stimulus to their extension, expansion, and free, unimpeded functioning; as knowing well, by instinct if not by theory, the spontaneous gratuitous wealth they give to a nation over and above their labour and cost. It is only Turkish and other Oriental despots who ever dare to touch these "hen-roosts"; and that is why these countries, in spite of their great natural riches, have remained barren and poverty-stricken from the days of the Roman Empire to the present hour. When Cromwell taxed the landlord Cavaliers' *rents* to the point almost of extinction, and they were forced to give up their establishments and live in genteel poverty, if not penury, abroad, he but scotched the snake; for having left them with the title-deeds to their *lands* still intact, on the return of Charles II. they came back with him smiling, to be soon as prosperous as ever, and to remain so to this day. But when the French Revolution took the *land* itself from the *noblesse* and the Church—where, we ask, are the family descendants of this *noblesse*, and where the wealth of France's once red-heeled Cardinals and Archbishops now? The Revolution, in a word, had confiscated the Land itself—an instrument of Production; Cromwell had only taxed its products. Hence the difference. This is why the ravages of war, fire, or flood, even if they devour a country's stock of provisions as remorselessly as if a horde of locusts had passed over them, are so ephemeral, so long as its mills, machinery, warehouses, and other instruments of Production are spared; and why whole generations of men may still feel their desolating effects, if these have not been spared. But Professor Marshall and his academical contingent, seeing, as we have said, no distinction between complementary and competitive imports, between taxing instruments of production and taxing their products, lump them all alike together as gains for Free Trade, and keep calling aloud to the nation to "let them *all* come in

duty free, and the more the better!" It is as if they were to advise a man who lived by hunting, to yield up his only rifle or gun to a rival, for a more highly tempting or larger mess of pottage. With his gun he could have worried along *somehow*, better or worse, even if he had to put up with some temporary privation; but without it, he must starve. And the reason, of course, is that the gun yields him a *permanent* gratuitous asset which he could not get with his own hands, arms, or skill,—an instrument of production which, with a little cleaning or repairing, will last him a life-time; whereas the larger mess of pottage yields him a *momentary* enjoyment or satisfaction only, to which, if he give way, he will rise on the morrow with his gun gone, and with nothing now to give in exchange for another cheap meal, or, indeed, any meal at all; and henceforward his rival has no need of shooting him to get him out of the way, but has merely to pass him by on the other side, and allow him quietly to starve! It is in this way that a nation's industries can be ruined piecemeal and in detail by Free Trade, when once other nations have become superior to it in productive efficiency, *however slightly*—one in one industry and another in another—and all because of its encouraging, for the sake of some extra cheapness, the importation of foreign products duty-free. The shoemaker's wife may from pride or disgust refuse to buy a cheaper American boot, but her neighbour, the piano-maker's wife, will; the piano-maker's wife a cheaper German piano, which the shoemaker's wife will; but in spite of this cross-firing, if Free Trade become effective *all along the line*, from one industry to another, all alike must be ruined in the end. For so long as the present stage of society lasts, people will take the cheapest route to their economic wants and ends, irrespective of their neighbour's interests, and will all,—like people who on the cry of "Fire!" in a theatre, in their eagerness to save their own skins, strangle themselves on the staircases and corridors—make so great a rush for *cheapness for itself alone* that, unless a protective tariff is forced

on them by law, all the industries in the country may be choked and ruined by their act, almost before they are aware of it.

But I must stop here. For a detailed exposition of all this, and of what I have had to leave unsaid on the other complications of the problem, I can only refer the reader, who cares to prosecute the matter farther, to my "Wheel of Wealth," where, what I may venture to call the principles and methods of the New Political Economy, are set forth in detail. But I must permit myself just a word or two in conclusion.

The first is the general remark, that there is no reason for imagining (for America proves the contrary) that under Protection there will be less competition among our own manufacturers, and therefore less efficiency, than there would be with the stimulus of foreign competition under Free Trade. The second is a practical one, namely, never to sacrifice an Instrument of Production so long as we can hold it; and when we are obliged to let it go to another nation, to haggle and bargain for it—by threats of tariff or otherwise—as if we were housewives bargaining at a fish shop for remainder sales on a Saturday night! yielding not an inch of economic territory except for a *quid pro quo*.

And my last word is Educational, namely, that pressure should be put on those Professors of Political Economy in our Universities and Schools, who are turning out our future Statesmen, year by year, indoctrinated with those Free Trade principles which in this article I have attempted to show are now utterly bankrupt; and that these men should be compelled, by the pressure put on them by public opinion, to withdraw the boycott which they are now systematically and persistently putting on the principles of the New Economy of Protection. For the problem is now becoming urgent, and its solution fraught with the most serious consequences to the nation, according as it is decided in this way or in that.

---



## CHAPTER VIII.

---

### THE ENGLISH BANKING SYSTEM IN OPERATION.

IN general terms, we may say that all the virtues of a Banking System may be summed up in the extent to which it can fulfil the two supreme necessities of all Banking, namely, the certainty with which it can meet its issues and liabilities when called on, and the degree of elasticity it possesses compatible with that certainty. The first demands a rigid and inflexible mechanism beyond the reach of individual will or caprice, either to alter or control; the second, a discretionary power of adaptation to circumstances and conditions which must be confided to the judgments of individual men. And accordingly, in any organized system of Banking, composed of many banks, and, therefore, of many independent and yet correlated parts, a division of function is necessary to adequately meet these supreme necessities, so opposite in character and in the virtues they demand. But unlike all other organized things, where *mind* takes the initiative and is supreme over all its mechanical adjuncts, Banking, on the contrary, demands that *mechanism* should take the supreme place; and that to this mechanism not only the functions of all other parts must be subordinate, but the wills of all who preside over them must bend; like that impersonal and abstract *necessity* which the Greeks believed to be supreme over all

their personal gods, from Jupiter on Olympus to the Lares and Penates of their hearths and homes. Now to fulfil its function properly as the supreme head of a Banking System, this Mechanism must have a number of clearly defined characteristics. To begin with, it must have a *cast-iron rigidity*, and must work with the precision, certainty, and regularity of a machine; when set in motion it must be as *self-compensating and self-acting* as a piece of clock-work, and as *devoid of impulse or passion* as a guillotine, but with all the sharpness in execution of that instrument in the incidence of its stroke and the precision of its fall. It must be as *independent* of the Executive Government of a country as a Supreme Court of Judicature; and as free from *individual* caprice as a code of abstract Law. It must, in a word, have all the virtues of that old Doctor's Head in the Arabian Tale, which performed all the functions of intelligence without conscious personality, could be screwed on and off at pleasure, and be as good dead as alive! And such, indeed, is the *Public* Department of the Bank of England; and that is why it approaches in its way the ideal of what the head of a Banking System should be. It is also a large part of the reason why it can carry not only the finances of England, but in an emergency a large part of the finances of the outside world as well, on its single shoulders with security and ease. It combines, as is well known, the responsibilities of a Private and of a Public Bank, but I have to speak here of its public side only; and it is the rigid, self-acting, self-protecting mechanism of this Public or Issuing department of the Bank (as distinct from its ordinary Banking department) that gives it a stability which neither its own private side nor the raids and incursions made into it by the other Banks, by Bill Brokers, and by the Public generally—with demands for credit in their hands, and on the security of paper, good, bad or indifferent—can touch.

Now, this really admirable mechanism, it may be said in passing, was not struck out, as from a die, by a single stroke, but

grew to what it is by haphazard, as it were; by chances and changes in connexion with the Bank Acts at the time unforeseeable in their consequences; like those institutions which, having failed in their original intention, have been found, after slight modifications, to answer admirably for some ulterior design. Since the Bank Acts were passed, the other banks have one by one lost their former power of issuing their own notes, until now this power has been confided for all practical purposes to the Bank of England alone; and it is in this particular that one of its supreme merits lies. Another merit is, that it is independent both of the Government and of the Public in fulfilling its high function; inasmuch as it is in *private* hands, and so is neither subject to the changes and caprices of Parliamentary majorities and factions nor to the interference of the general public, but "all alone," as Shakespeare says, "stands hugely politic"; and yet is so open in its methods withal, in the midst of the vast responsibilities that lie on it, that it can be checked at any time, not merely by the Government, but by the Public itself as well. It stands, in a word, in the open forum of the world, with its colossal self-compensating clock-work, registering, as on a dial plate, the moving equilibrium of its gold and of its note issues for the public to read from week to week; and with *as yet* no overgrown magnates, potent both over it and over the public alike, concealed within its inner mechanism to alter its hands; and so is not only as safe, but is more steady and reliable, and, besides, more free from perturbation, than if the note-issuing power of the country had been in the hands of the Government itself. So far, then, as the Bank of England is concerned, all is as well as need be with the financial credit of the nation as a whole.

The faults in the English Banking System, such as they are, lie not with the Bank of England as its head, then, but with the other banks that are its feeders and dependencies, but over which, it must be remembered, it has not a shred of *legal* authority or control. Not, indeed, that much blame is to be

attached to these banks, when regard is had at once to the vast scope of their operations and to the difficulties under which they work. In fact, such faults as they have are referable to a lack of *sufficient* control, for which the Government, rather than themselves, is responsible; and, in any event, the onus has to be shared by the Foreigner, the Bill Broker, and the public generally. And yet that there is a certain danger lurking in this lack of sufficient control is not to be altogether denied. The safeguards at present against such dangers as there are, are mainly three; all of them *psychological* rather than material in their nature, but none the less potent on that account. The first is the mere *presence* among them of the Bank of England; and their knowledge that, as the keeper of their cash balances, it can form a very shrewd guess as to how they are trading. The second is, that owing to the prevalence of the Joint-Stock principle in Banking at the present day, their independently audited balance-sheets are open to the inspection of their shareholders at their yearly meetings, and through them to the public indirectly by the reports in the columns of the Press; but as to *how* they are trading in the interim, or on what kind of securities, neither their shareholders nor the public can know. That they habitually do business on an insufficient reserve is generally believed, and as we shall see presently, is as good as demonstrable; and it is also generally understood that a good deal of "window-dressing" in the matter of refusal of accommodation, and the calling in of loans, has to be gone through, with the object of concealing the insufficiency of these reserves, before their yearly or half-yearly statements can be presented to their shareholders with satisfaction. The third safeguard lies in the general high character of the directorate of these banks - their "psychological reserve," as an admiring American has called it. These three safeguards, then, shadowy as they may appear, but in my judgment very effective all the same, are the only protection the public has against a condition of affairs which under certain

contingencies might become as dangerous as in the bad old times of seventy years ago, before the Bank of England had taken over their note issues, and when they tumbled down into bankruptcy and insolvency by the score. But on the whole we may say that any *positive* danger to the banks, as such, is but trivial, and need give neither the shareholders nor the public a sleepless night. That is not the difficulty; it lies rather in the discomfort, the disturbance, and the consequent pecuniary loss to the trading community, which attends on anything which shakes the steadiness of a market on which business *forecasts* depend. But to bring out the position which I wish to make in this chapter, I must ask the reader to accompany me a little farther, until we get a closer grip on this all-important matter, and on the central cause which underlies it.

Now, to begin with, we may say that no system of any kind, as such, whether it be a Religious System, a Political System, or a Banking System, can have any hope either of ultimate endurance, or of a steady equable movement as a working concern in this world, which does not keep a *definite relation, gradation, and proportion* between its several parts; or where each part fails to keep time, as it were, with all the rest. And the first thing in this connexion that strikes us in a comparison between the English Banking System of to-day and what it was forty years ago is, that the Bank of England has gradually lost one of the most important of the bonds by which the other banks were kept in due subordination, gradation, and time, with itself as the head and crown of the entire system. I mean that it is they who now fix among themselves the *actual* market rate of interest for discounts and loans, as distinct from the *nominal* rate which is fixed by the Bank of England; and although their rate bears, of course, *some* relation to the Bank rate, it is more loose and intermittent in character, and not so close and continuous as it was formerly. Forty years ago, when Bagehot wrote his classical book on the Money Market, the Bank of

England itself still did so large a part of the *ordinary* banking business of the country that it was able, through its own rate of discount, to give the cue, as it were, and to fix the price of the loans and discounts of all the other banks in some sort of *definite* relation to its own, and to keep them there. And as its own rate of discount was neither a matter of its own discretion, nor yet subject to the ups and downs of competition, but was fixed for it, as we have seen, by the mechanical necessity under which it lay of keeping its gold and Government securities in an exact moving equilibrium with its fluctuating note-issues, the consequence was that the whole banking system was, in its great organic outlines, so integrated and knit together, that the other banks not only kept time and tune with it, but largely with each other; and so formed a compact, harmonious unity. But much has changed in the conditions of the banking world since then. The great Joint-Stock Banks have enormously increased in numbers, and in the vast extension of credit which they have created for themselves out of their own and their depositors' money, through the medium of cheques—a species of short-time quasi currency, I may remark in passing, which extinguishes itself almost as soon as it is born, by being written off against itself, as it were, in its passage through the Clearing House,—and so can neither be regulated in its issue, checked in its amount, nor followed up to its destination, as the Bank of England note circulation can be. It is this, together with the decline in the use of the legal tender notes which these cheques have superseded, that has brought it about that the public can get almost all the accommodation it requires through the *other* banks, without the necessity of applying, except at a pinch, to the Bank of England. And the consequence of this, again, has been, not only to throw the Bank of England (on its ordinary banking side) out of the running, as it were, in ordinary jog-trot times, but to reverse the former relation existing between it and the other banks. For now, as I have just said, it is the other

banks that fix the market rate of discount for their customers: the Bank of England only fixes it for the stability and fixity of Public Credit at large. And with this result, that the unity of the Banking System has been divided, relaxed, and weakened; so that, instead of living together like children of one family, the banks are more like married couples, under the same paternal roof, indeed, but each with its own separate and independent *ménage*, and with no responsibilities to their common parent, but each to its own belongings only—its Shareholders. I had long suspected this, but I am glad to be confirmed in it by the book of Mr. Hartley Withers, recently published—a book, I ought in justice to say in passing (for I have got some most important particulars from it which I had no opportunity of knowing otherwise), which is as clear-cut, accurate, and authoritative for the Banking System of to-day as Bagehot's was for forty years ago. Let us, then, in order to make this position good, take a glance at some of the semi-humorous incidents in this moving melodrama of Banking as seen in its actual working from day to day.

Now, the first to create a disturbance in the ordinary humdrum of events in the Banking world, is the Foreigner—whom, with some of his fellow-conspirators here at home, we may good-naturedly figure for the nonce as the “villain” of the play. For it is he who watches his time and opportunity to appear on the scene just when the money market is ripe for him. Knowing that England alone of all the world keeps a free and open market for gold, he walks into the Exchange when this market is full to overflowing, and when money, in consequence, awaiting suitable investments, can be had cheap. Into the complex causes which produce cheap money, I cannot enter here farther than to say in general terms that it is produced by three variables between which a balance has to be struck; namely, a slackness of demand for it for business purposes; an abundant supply of it; and a business sky free from clouds or suspicions. If either of these factors be absent, the

market rate will immediately tighten, money will rise in value, and the rate of interest for its loan will become high. If, for example, money has been greatly in demand for, say, a number of Government Loans, home or foreign, and has been sunk in them to the extent of millions perhaps, with no return of this money from them except the bare interest as it dribbles in from year to year; if, again, in addition to this, and at about the same time, a number of established businesses, owing to the briskness of trade, are clamouring for money for extending their premises, or adding to their plant, or what not, and money is sunk in them, too, without hope of immediate return except in the same small dribblets in the shape of interest or dividends; and upon the top of these, again, all kinds of *new* enterprises as well are absorbing money which can only return to the money market in the same slow and trickling way—as, for example, when some new, rich, and accredited mine has been discovered, or new railways opening up virgin fields of admitted wealth in new countries are being constructed, or what not—in all these conjunctures of absorption, money *must* be dear, and the interest payable for the use of it high. Not that the money or its worth is lost, for we will assume for the nonce that all of it has been invested, whether by governments, or individuals, or corporations, in *reproductive* works, which are turning out fresh money or money's worth daily, but which cannot, of course, replace the amount of money sunk in them in less than ten or fifteen years, on an average, in the most prosperous times. The consequence is that *for the time being* you cannot put your hand on the money sunk, however much you may want it. It is not lost, but is as unavailable for the money market as if it were sunk at the bottom of the sea. It is locked up, in a word, for the present, and there is no key that can get it out, except in such yearly dribblets as we have seen. Money, in consequence, must be dear, and its rate of interest high. But that is not all. Even what comes in will be put under a second and different kind of lock and key, if



another class of contingencies happens to follow on the first. If, for example, ominous birds appear in the business sky: revolutions in governments; new forms of taxation, the incidence of which, and the persons they will hit, is uncertain; irruptions into the settled order of States of new-fangled schemes like those of aggressive Socialism, with confiscation of the property of those who have any to lose, as its end, and producing, in consequence, a vague unrest in the mind of each individual as to how he may fare in it all; bankruptcies of eminent firms of hitherto undoubted credit; the suspicion that great banking houses have been involved; or, indeed, any widespread suspicions whose causes are unknown, and the extent of whose ramifications, as affecting the credit of individuals, are hidden, and therefore incalculable. In all cases like these, it matters not how much money may be returning from all kinds of legitimate business enterprises, it will not come into the open market for investment; but will either be put away into Consols or other gilt-edged securities, or left to stagnate in Bank ledgers, or even be hoarded in gold or notes in old stockings, up the chimneys, under the beds, or in holes in the ground, until the business sky is clear again; and so the dearth and dearness of it will still continue. And, *a fortiori*, if this business suspicion reaches what Carlyle called the "preternatural" point, and has brought on a banking crisis or panic, money then can hardly be had at any rate of interest whatever.

Now, it is conjunctures like these which explain the paradox that money may be dear even when legitimate individual business is abounding, and will throw light, as we shall see later, on the problem of the Geographical Distribution of Capital. The money, or money's worth, is there all right, but, like ladies' parasols, no one would know it on a rainy day, or believe it, perhaps, until the sun shone out again.

On the other hand, money will be dear (and this, too, is a paradox) when business and trade, instead of being abounding, are slack; and still more so when for the time being they are

half paralysed or altogether dead. This will occur, not immediately, but after a time, if the money invested in the Government loans has been blown away, either by our own or by foreign Governments who are our debtors, in war or war material—armies, navies, barracks, fortresses, and the like—none of which in themselves are productive enterprises or can bring back to the money market, as such, any return; or, again, if private Joint-Stock Companies have tempted millions out of the pockets of the investing public for mines without metal in them, or for the thousand-and-one rotten Stock Exchange speculations, the money sunk in which is lost beyond recall—amounting during the last forty years, it is said, to a figure which would pay off the entire National Debt three times over. Now, after a period of this kind, it is evident that there are no parasols to bring out, sunshine or no sunshine, but black and dripping umbrellas instead! Under such circumstances money is dear, not because business is good, and money accumulating, as in the former case, but because business is bad, and there is no money to be had. But why not run off the gold that is filtering in from the mines, into this channel of the money market? the reader may ask. It would avail nothing; for the gold is wanted by the public, not for its use by the goldsmith or jeweller, but as a medium of exchange; and once credit is paralyzed or dead, Exchange will be paralyzed or dead also; and so the gold would be of no use except for hoarding. But even then the gold would have to be paid for in money; inasmuch as all kinds of credit notes or other securities would for the time being be so much waste paper merely. And hence, even if the gold were flowing in from the mines in a Pactolian stream, not a bar of it would be turned into money on that account; on the contrary, it would only lie as dead a drug on the banker's hands as a bale of unsaleable goods on a draper's.

Let us now return to the point from which our Banking drama was about to start, namely, from a period of cheap

money. This, I may also say in passing, is caused by a reversal of all the conditions which we have just seen producing dear money: and usually occurs *after* a long period of business prosperity, during which money has been accumulating in great masses in banks, consols, or elsewhere, waiting for a sunny sky and fresh enterprises to bring it into the industrial market again; but where, for some reason, business has become slack, either from some arrest of normal consumption, due to bad harvests, or to workmen thrown out of work, or to other conditions which for the time being have dried up the innumerable rivulets of demand which feed the greater streams of business enterprise, and on which, after all, they mainly depend. It is this combination of an idle, stagnant, but plethoric money market, following, as by a kind of exhaustion, on a period of intense business activity, together with the absence of anything ominous or suspicious in the business sky; it is these two conditions mainly that give rise to cheap money; and when they both pull together, like the sun and moon on the waters, the money market is likely to be in full tide and overflowing with cheapness.

Now, it is in times like these that the Foreigners—not only the steady-going trader, but the whole tribe of Company Promoters and their camp followers—flock to our shores from all the winds, to carry our gold away! In ordinary times money is dearer everywhere abroad than it is here, and is much harder to get at even in the best of times. If the German opens his mouth too wide in seeking for accommodation at home, the banker will look at him so hard, however good his securities may be, that he will think twice before making a second application; while the French banker will be apt to hand over to his customer a part of what he wants in silver, which will, of course, be of no use to him in other countries, where it is not legal tender. Accordingly, when the state of the Exchanges is favourable to him—that is to say, when money in our market is cheap, and he has the best of the trading that is going on

between the two countries,—the steady-going but wily foreign trader decides that he will take the trade balances due to him on his bills back home with him “in gold, if you please,” and not renew these bills, inasmuch as the gold will be of more value to him at home than here; and no one can say him nay. Now, when this depletion of our gold has been going on for some time, the result will presently be that the Bank of England, in order to stop the drain, and to get back the gold again to the point where it will balance its outstanding notes, will be obliged to raise the rate of discount to the point where the Exchanges will be reversed, and the gold, through the same process in the bill market, will come flowing back to the Bank again from abroad. But the moment the stringency of the money market is again relaxed, whether from a temporary or more lasting cause, and money is again cheap, in steps the foreigner again, to carry it off as before! If the cause is one of those I have enumerated, which usually operate over a considerable period, he will be accompanied or followed by a whole train of Company Promoters, who will help him to complete his depredations—not like himself, through the Banks and Bill Brokers, so much as indirectly through the medium of the Stock Exchange—on the pockets of the public. And thus the gold goes in and out of the country in regular systole and diastole, with the Black Flag of the Bank run up and down as its accompaniment, announcing to all the world when it is hoisted, that cheap credit is dead for the time, and that the Foreigner may as well depart; and when it is hauled down, that the rate of interest has fallen, and he may come back again; but keeping the unhappy English trader the while rocked up and down in endless business uncertainty and perturbation. And yet it is not the Foreigner who is to blame; it is rather the Bankers, the Bill Brokers, and the Stock Exchangers who have given him a standing invitation to come in. For now that the Bankers and Bill Brokers between them practically fix the market rate of interest for themselves, they have

got quite out of hand ; and in the keenness of their competition with each other for discounts and advances, continually keep their rates so low that the Foreigner is hardly out before he is in again ; and the Black Flag of the Bank, in consequence, has to be hoisted in self-preservation half a dozen times for once that would be necessary if the other banks would keep their rates more closely in relation and consonance with its own.

And this brings us to the vital question :—Are these banks really overtrading on an insufficient reserve ? At the first blush, one would say—yes, certainly, if for nothing more than the comedy that goes on between them. The Bankers, it is generally understood, in their competition with the Bill Brokers, habitually cut their rates so fine that in their eagerness to catch a stray customer they positively stumble over each other in a way that would be dangerous if it were done even on large cash reserves, and if their operations were not covered up under a veil of secrecy. The Bill Brokers play the same game as the Bankers, and when in the midst of some superfinely-cut deal, the rate of interest happens to be raised on them by the Bank of England, they are obliged to run to the very bankers against whom they are competing for accommodation to replenish their temporarily depleted credits. And when both bankers and bill brokers have extended their nets so wide, in order to catch the smallest minnows in the stream, that they cannot haul them in again, they both have to hie them in hot haste and desperation to the Bank of England for relief. And she, good old grandmother, takes them in—but on her own terms, of course,—until the tension and stress on their resources have passed ! What they would do if she refused, and what the Public would think of it all, had they not the vague idea that whatever the Bank of England does, the Government, in the event of a crisis becoming imminent, would always intervene and by its credit prevent its going any farther, it is difficult to say. But if proof more relative than this were wanted that these banks are constantly straining their reserves to an illegiti-

mate extent, it will be found in what I read in Mr. Withers' book, but which I did not know before, namely, that the Bank of England will, when she sees these banks making too free with their cash, buy up that cash herself even when she does not want it, and lock it up under her own wings, like a hen its chickens when a hawk is in the sky, in order to save them from themselves; as well as to avoid raising the bank rate on the Trading Public—as she otherwise would be obliged to do. For it is the trading public, it must be remembered, who have to “pay the piper” for all this fast and loose disposal of the depositors' money on the part of the banks in their breakneck race to make dividends for their shareholders on an insufficient cash reserve of their own. It is the trading public that has to pay to get the gold back from the astute and wily Foreigner who is continually carrying it off. And it is the trading public that has to pay the bankers for that Free Trade in gold which, like all one-sided things in this world, has a double edge when you come to use it. And yet when the Bank of England, like a good policeman in a congested street traffic, has to intervene to save the public from all this and from itself, by the use of its guillotine, it is abused by all alike as a common enemy, rather than hailed and thanked as the common protector! The Bill Brokers cry out against the Bank when they find themselves entangled in their own meshes, and when a rise in the Bank rate cuts down into the middle of their too finely cut transactions and turns their calculated profits into losses. The *other* bankers grumble when the Bank rate is lowered so far that they can only skim off the thinnest layer of cream in the way of discounts for their shareholders, and these, too, on securities of less assured quality. The Underwriters, Stock Exchangers, and the whole tribe of Company Promoters cry out, on the other hand, when money is dear; and their occupation, thus gone for the time, has to wait for the turn of the tide, which, however, may be a long time in coming. And, lastly, the Trading Public cries out against the Bank when it finds

itself held up, like a South Eastern train at the entrance to a station, by a rise in the Bank rate, in the midst of delicate business operations, when a fraction of one per cent. may mean success or failure, and kept waiting there until the signal is lowered again; and all because the Foreigner and his cohort, abetted by the competition of the bankers and bill brokers, have been allowed to make off with our gold when it was cheap; and because the bankers themselves are forced to dole it out more sparingly and suspiciously when it is dear—or even button it up in their pockets altogether!—but either way to the detriment of the sound and steady-going trader. It is little wonder, then, that he calls out, and even “uses language” on occasion; especially when he finds himself either rocked up and down in a windy sea, now in the trough and now on the crest of the wave, in endless uncertainty, or else stranded or beleaded altogether in midstream until gold from abroad arrives at the Bank to float him into harbour again. And when he has to pay for all this out of his own pocket (for that is what it amounts to), his feelings may better be imagined than described! And yet the Trading Public are not altogether free from blame in this matter, for it is they who in their own private interests abet and accentuate the neck-and-neck competition of the bankers and bill brokers by the pressure they put on them for cheap and risky credit and accommodation, and then turn round and abuse the Bank of England when it is obliged to come down on them all alike with its guillotine in order to save the credit of the Nation. But the Foreigner—what of him? He lies low and keeps dark the while, of course, waiting his opportunity to make off with our gold again as his share of the spoil, rubbing his hands with glee and laughing in his sleeve that we should be the fools we are to give him such easy invitation and access! The frock-coated Banker himself is of all these stage players the one perhaps who can afford to take it all the most unconcernedly and philosophically. Shielded by the Bank of England, which winks and says nothing to outsiders, when his

cash balances are getting suspiciously low, he takes his toll from all alike indifferently, whether the Bank rate be high or low. If he has a preference, it is that money should be at that medium price which will combine the highest rate compatible with the largest amount of turnover; but whatever befalls, he can still sit in his bank parlour and whiff his cigarette in conscious security and ease! And yet it is this mere handful of Bankers, Bill Brokers, Stock Exchangers, Company Promoters, and Foreigners who are making all this commotion on the public stage, and who fill the general ear with their din and uproar. Like those stage armies where a number of supers dressed up as soldiers come in at one wing of the theatre, cross the boards in single file, disappear at the other wing, and reappear from behind the curtain in an unbroken, continuous stream, these consequential gentlemen are enabled to bulk themselves out so large in the public imagination that they would almost seem to be the saviours of the credit of the State, rather than its exploiters! It would indeed be surprising, then, if, as is well known, the news of the arrival or departure of gold at and from the Bank of England were not awaited by them with intense interest and anxiety, as well as by the Trading Public generally.

Now, from all this it is evident, is it not, that it is to the Bank of England, and to it alone, that the public must look for the integrity and security of the national financial Credit as a whole? Not that I imagine that if the safeguards I have mentioned were withdrawn, something equally efficacious or more so would not be found to take their place; but so long as that old doctrine of *Laissez-faire*, which reached its climax as a serious pronouncement in the memorable dictum of John Bright, that "adulteration is only another form of competition"; so long as this abomination still clings to English Political and Business methods and ideals, it would probably take the public so long to turn round before it dawned on it that any business whatever should not do as it pleased within the limits of the



law, that in this momentous matter of National Banking Credit—of all things the most delicate and dangerous instrument to tamper with—irreparable injury might be done before the Government would be called upon to intervene. What the Government, in my humble judgment, ought long ago to have done, and would, indeed, have done, but for the paralyzing influence of this old fetish of *Laissez-faire*, would have been to have tightened up those bonds of the Banking System which had been allowed to become relaxed, and to have compelled all the other banks to line up more closely and in nearer touch with the Bank of England in this matter of their discounts and reserves; so as to leave no part of the Banking System outside of the legitimate influence of that Bank. It is the official Bank Rate which, by the self-acting mechanism that equalizes its notes and its reserves, gives a continuous stability and safety to the whole Banking Edifice; but that weary old Titan, the Bank of England, already loaded up to the full, can carry no more responsibilities on its back in the present state of the law; and cannot go on for ever buying up the cash of the other banks to prevent their making “ducks and drakes” of it! It has enough to do to look after the public and keep its own private skirts clean. It is the *other* banks, I repeat, that are at fault, and not the Bank of England, as so many imagine. For, having slipped the official noose, as we have seen, they have set up housekeeping on their own account, and with the exception of a casual glance at the official Bank rate signboard, to see what game is afoot, they can play as fast and loose with their cash reserves, their advances, and their securities as they please. It is this divided authority in what ought to be a single undivided household, this double centre in a single system, that is the prime cause of the eccentric comedy which we see constantly being played (at the expense of the trading community) between the Foreigner, the Banker, the Bill Broker, the Company Promoter, and the Stock Exchange operators generally. It is essential, of course, to business enterprise that

there should be a very large measure of elasticity and fluidity in the accommodation offered to the public by the other banks, as a balance and set-off against the stiffness, the rigidity, and the top-hat respectability of the Bank of England. But this should be kept in more close and definite relation to the official Bank rate; and the freedom which is willingly accorded the other banks should not be allowed to go so far as to degenerate into license—as it does at present. And if it be true, as Mr. Withers authoritatively declares (and this is the point I should like my readers to make sure of for themselves), that the Bank of England really has at times to buy up its own legal tender notes to prevent the other banks from using them to the public detriment, then I contend our case has been made good.

And yet, after all, it would not take much to put the whole matter right. The Government could itself solve the problem by taking charge of the relation existing between the reserves and the business of the banks; but this, for political and other reasons, is not to be entertained. A better way would be for it to give additional powers of pressure to the Bank of England in insisting that the reserves of the other banks should be kept in normal proportion to their trading; and make the Bank responsible for seeing that it was done. Or, better still (for there would then be no need of official coercion of any kind), that these banks should be obliged to publish as full and faithful a weekly statement of their assets and liabilities as the Bank of England does now. The Public would then, through the publicity of the Press and the lynx eyes of its shrewd and able City Editors, be itself the judge of how things stand; and with the light thus let in on the banks, as in all other human concerns where self-interest is the main-spring of action, it is extremely improbable that further legislation or regulation of any kind would be necessary.

Were this done, the market rate of money would no longer diverge as widely as it often does now from the official Bank rate, and the banks would no longer stretch their arms so far

afraid to catch the smallest competitive increments of gain, only to draw them in again in haste when they find they have gone too far; but all of them would move in unison as a single column, at a regulated distance from their head. The Foreigner would be checked in his incursions on our shores, and would not find it worth his while to come here so often to carry away our gold, to the detriment of our own traders and at the public expense. The Foreign Exchanges would not be made so easily to kick the beam against us on so small a margin of trade difference in the Foreigner's favour, to the still further detriment of the industries on which our prosperity depends. For no merely Banking prosperity will long avail a country unless it has great and independent *industrial* resources at its back to give it permanence; as the history of the ephemeral nations that were mainly Banking or Commercial centres—Holland, Venice, and the Italian cities of the Middle Ages—abundantly establishes. Banking prosperity always follows, it must be remembered, Industrial or Commercial prosperity, but never either precedes or survives that prosperity. The Black Flag would not have to be so often hoisted and hauled down again over the Bank of England; and the anxiety of all City men and Traders as to the arrival or departure of gold at or from the Bank would be allowed to sleep over longer periods of time. The weaker and more unscrupulous of the banks in this matter of straining their reserves would either have to mend their ways or lose their *clientèle*; the honest and soundly secured traders would make up in greater facilities of accommodation for what they might perhaps at times lose in higher rates; while the shady or utterly bad concerns would have either more difficulty in carrying out their nefarious designs to begin with, or would anticipate their fate and the open bankruptcy which awaits them anyway, before they had time to draw the investing public wholesale into their meshes. Foreign relations and political complications would be less disturbing than they are at present even to the soundest investors; and bank crises

and panics, already almost unknown here, would in future be rendered still more difficult either to foment, precipitate, or create. And yet the danger of these crises and panics can never altogether be dismissed in a trading world so complex as the present, where business men have to adventure their barks every day on unknown seas, and take chances against the unknown future and its unsuspected conjunctions of the stars and the fates. Like the occasional earthquakes in great cities, these crises have always to be reckoned with, even if they are only to be classed among the "visitations of God"; for no amount of bank reserve in the shape of gold, however adequate in ordinary times, would then be of any use; inasmuch as there is not to-day in existence in England more than a tenth of what the banks would require if at any moment they were pressed to meet their existing legal liabilities.

---

## CHAPTER IX.

---

### ENGLISH AND AMERICAN BANKING CONTRASTED—A DANGER FORECAST.

**I**N the present article I would invite the reader's attention to some dangers which I imagine I foresee lying in the future of English Banking, in spite of itself, as it were. To bring out this point, a passing consideration of the differences which exist to-day in the relations between General Industry and Banking in America and England respectively will best serve our purpose.

Now, in America it is a matter of common notoriety that there is scarcely a single department of trade, a single staple article of food or clothing, a single necessary household utensil, or other convenience of life, which has not been swept up and amalgamated into some gigantic Trust or Combine, which—like the Standard Oil, Steel, Beef, Sugar, and other established Trusts—either already enjoys a real and undisputed monopoly, or, at the pace at which this tendency to combination is going, a prospective one in the near future. Not only are the incomes of these great monopolies colossal in themselves, but, what is more important for our present purpose, they are concentrated mainly in the hands of a few great controlling millionaires; and with this result, that the ingenuity of these gentlemen is as much taxed to find fresh openings outside their own special lines of business for the investment of their

enormous incomes as in the superintending of these businesses themselves. Indeed, in one instance that I have known, an expert at the head of the Investment Department of a great Insurance Company was induced to throw up his position and go over to the service of one of these great Trusts, at a yearly salary equal to the income of a millionaire. Where, then, are the most feasible of these investments naturally to be found? Obviously, when once they have lapped up the stock of other companies still competing with them in their own line of business, or gobbled it up when these opponents are in difficulties, they naturally turn for their fresh investments to the stock of other successful monopolists in other lines of trade; and notably—as at once the easiest of admittance, and on the whole the most reliable and secure—to Insurance Companies and Banks. It is generally understood, I believe, that the Standard Oil Company, for example, has a finger, if not a controlling interest, in most of the great industrial and commercial enterprises—Railways, Electric, Water, Gas, and Tramway Companies, Insurance Corporations and Banks—between the Atlantic sea-board and the Pacific Coast. For when these great magnates enter in as investors, it is not by the front door, as it were, like the ordinary public, who are content if they can get a little more than the usual rate of interest for their savings, but by the side door, and into the parlour where their fellow monopolists and magnates sit, and where they mean not only to get special terms and the most plum-yielding part of the stock, but, what is more to the purpose, a seat on the controlling board of the Directorate as well.

Now, the danger which attends this entrance of the great Industrial Magnates into the Banking System is, that by their money power, their influence, and their general prestige, they are enabled at a pinch to obtain from the Bank advances, loans, and renewals of loans, on terms which no outside customers could obtain with anything like the same facility; or on

“collateral” which would be passed and accepted with so light a scrutiny by their fellow members. But the time has as yet been much too short for them to have already taken possession of, and divided between them, the heritage of the Banks. For these institutions still retain much of their original independence, and in most instances, perhaps, a large measure of their original freedom from the domination of any body of business men. It is true that the Directorate of Banks are themselves drawn from the ranks of such men, but as a rule these men are so independent of each other in their business concerns, that no single voice has much more weight than another. But at the present time (now that the great magnates have entered in) many members of the Board are already leagued together by a secret bond, namely, that of each being as pecuniarily interested in the business of these fellow members, through his own holdings of their stock, as in his own. And hence I venture to predict, that if the Constitution of the United States remains as it is to-day, and if the wings of these great Trusts are not in the meantime clipped by the extension of a socialistic legislation, growing daily more and more menacing in the Press and in the streets, these Trusts will in a decade or two, at the geometrical pace at which they are going, not only have swallowed up the Banks as a field for the overflow of their investments, and have dominated them entirely, but, in my judgment, will have begun to lay their unholy hands on the Land of the country itself, as the crown at once of their social ambition and family pride. Then farewell, a long farewell, to the boasted Democracy of America, and to the glorious traditions of freedom which heretofore have made of her the envy and the ideal of the Old European world. But that by the way. The question here is, how in the present early and *transitional* stage of the development and concentration of the capital of the country in a few hands, and the entrance of the men who control it into the Banks,—how is all this affecting the stability and security of American Banking itself? The answer is written large in the

history of the Bank panic of 1907, where the suspicion that these great corporations were using the assets of the Bank to further their own designs ended by precipitating the crisis. And what conclusion do I propose to draw from this? It would seem natural that if these things are done in the green tree—that is to say, in the *transitional* period, when the magnates, having already entered in, have not as yet been able to bring the Banks entirely under their subjugation and control—what we may expect them to do in the dry, when they are fully enthroned, must be something much worse. But that is not my opinion. On the contrary, I venture to suggest, that when the magnates have once fully incorporated the Banks as a separate department among the other departments of their business energies and enterprises, these Banks will be as safe as their other purely industrial monopolies; and indeed quite as safe as the English Joint-Stock Banks are to-day, or, for that matter, the Bank of England itself. Now, as it is necessary for me to raise this point, in view of what is to follow, the reader will, perhaps, permit me for a moment to indicate some of my reasons for this opinion.

In the first place, when once all the greater fields for investment have been captured and closed by the magnates, and when the lesser members of the plutocracy meantime have been squeezed and weeded out by ruthless and insistent pressure (after the manner described by Mr. Lawson in his book on *Frenzied Finance*), a limited number of multi-millionaires, with boundless and unimpeachable credit and prestige, will have come into the ownership, management, and control of the Banking system of America. And when that time comes, they will not only have all the capital and credit in general which can possibly be required of them by the public to maintain their position, but they can set aside, as among the smallest of their liabilities, all the legal tender necessary for their Banking reserve as well. As monopolists, too, of all the great instruments of production, distribution, and exchange, and with



tariffs to keep themselves free from competition from without, they could anticipate their incomes and earnings with a degree of certainty undreamt of at the present time. Besides, by the very magnitude of their credit, and the tranquillizing effect this would have on the public mind, they would stand in as good a position for the allaying of panics as most of those States do whose Governments come to the rescue of the Banks in times of anxiety, when a run on them is imminent or has begun; inasmuch as by that time the known resources of this confederacy of millionaires would not only be equal to what these States could raise by taxation, but would be free from the political difficulties involved in getting these taxes voted and brought into the Treasury. They would simply tax *themselves* by setting aside a certain portion of their income as a Banking reserve, and the thing would be done. But this is not all. Being a purely *economic* concern, and not a political one, they would have this further advantage over anything like Government supervision and control, namely, that they would be obliged to administer the banking side of their business with an even greater scrupulosity and regard to the public interest than to their own; inasmuch as a Banking crisis would not only ruin their banks, as such, but would for the time being ruin all the *other* departments of their business as well. It is one thing to leave the administration of a man's own property to himself, in the full belief and confidence that every penny of it will be expended to the best advantage for his own safety and security; it is quite another to leave to governments and bureaucracies the disposal of the property of *other* people. With the Banks, then, in the hands of the *same* people who would practically own and control all the other great instruments of production, distribution, and transport, the public would be doubly secure; first, from the fear of Socialistic legislation, provided, that is to say, that socialistic ideas, which are advancing in all countries with steady even tread, shall not get ahead of the march of concentration and combination of

the magnates before they reach the goal at which, if unchecked, they are destined to arrive; and secondly, the public would be protected, inasmuch as, if the control of the magnates as Bankers were used for extraneous mercenary, and not for internal legitimate Banking ends, the sword they wield would be turned inwards on themselves, and bleed them more effectually than it could the public; thereby securing that what was for the nation's best advantage would be for their own best private interest and advantage also. Personally, I have no belief that these high-soaring eagles will ever reach the height of domination necessary to give them that control of all the instruments of commerce towards which they are surely tending, and at which, if not arrested in mid-career, they are almost sure in time to arrive. On the contrary, all indications go to show that they will not be permitted to go on at their present pace much farther without the Public itself intervening, and so clipping their wings by legislation in many and various directions as to bring them down to the level of the ordinary earthly bipped again. I have indulged in these matters of pure speculation entirely with the view of emphasizing the position I wish to make, and that is simply this: that it is not when the great Trusts have been *fully* consolidated, regimented, and concentrated in a few hands by the squeezing out of all their weaker members, that there will be any danger either to the soundness, the credit, or the efficiency of the Banks which they control; but that, on the contrary, the danger of panics and crises like that of 1907 is only to be apprehended in the present *transitional* stage both of American Banking and of American Industry. For at the present time in America, and while the higher business principle of *combination* confronts the old and primitive method of *competition*, without as yet having altogether subdued and subjugated it; and where the frontiers of all the great businesses still overlap each other, and their jurisdictions are still in separate hands; where competition still disputes inch by inch, but on a retiring day, the inroads of

combination and the Trusts; where there are as yet neither skeleton keys *enough* to unlock all private doors by night, nor power *enough* to openly force them in the public daylight; the invaders, like those kings who have to round off their still unconquered dominions either by direct purchase, or a tempting share in the new jurisdiction, or by the marriage of their daughters with the recalcitrants, are obliged to resort to endless "deals," manœuvres, stratagems, diversions, and transfers of property to attain their end; the consequence being that great blocks and bales of over-watered or over-depreciated stock, with unknown possibilities and values, are flung across between the parties to the deal in bewildering profusion; and in the pell-mell and bustle of business and bargaining are, and must be, accepted more or less at the face value of their labels, or on the reputed standing of their owners, and so find their way as "collateral" into the Banks, already inflated, if not entirely dominated, by the very men between whom these transactions occur. And with result—what? Panics like those of 1907, with the danger of more ahead, so long as this transitional period ushering in the full triumph of the combination and consolidation of industry continues. Indeed, this must be so in a country still half developed, and with thousands of new and unknown ventures emerging on the horizon of every day, puffed up or depressed with Stock Exchange and newspaper inflation and intrigue, to-day in the trough of the wave, and to-morrow on its crest.

Now, at the present time, none of the conditions which I have just described are to be found in connexion with the English Banking System. Here all is different, and all in a more primitive stage, but one which the Old Academical Economists would fain persuade us is the very apex and flowering of the golden industrial age! In the first place, beyond a few manufacturing industries in special lines of work, no great department of English trade has as yet even begun to fall under the domination of a Trust, or the control

of one or a few individual men, in the American sense of these terms—none of the railways or other great carrying agencies, none of the great staple articles of universal domestic consumption, or utensils of household necessity, not the great steel industry, not the shipping, not the wholesale trade, not insurance, and, lastly, not the banks. All these alike have hitherto been split up and distributed among individual firms independent largely of each other, many of them great in themselves, but, with a few exceptions, none of them as yet able to dominate or dictate terms to the rest. Now, as a Protectionist, I am quite prepared to admit that this relative backwardness of England in emerging from a more primitive stage in the organization of Industry, namely, that of free competing Industries, with their waste, friction, and expense, into the higher constructive stage of Combination, with its immense economic advantages and its saving of waste and cost, is to a large extent due to our system of Free Trade. But to those Academical Economists, who knowing well that, if Competition as an economic principle were once replaced by Combination, they and all their works would be sunk in the deep sea; and who, in consequence, love to imagine that this little three-legged tripod of theirs, resting on Competition, *Laissez-Faire*, and Free Trade, will remain as an eternal oracle of the world, I will venture to say that, Free Trade or no Free Trade, they might as well attempt to hold back the planets in their courses as to prevent the principle of Competition in the business world from passing everywhere in all complex industrial States into the principle of Combination, as we see it to-day in America.

In Mr. Macrosty's standard work on Trusts, we see the quiet and insidious way in which these Combines are already extending—here in this business, there in that—but, as yet, like submarines with only their funnels visible to the man in the street; but they have arrived, nevertheless, and mean to stay all the same. Nor is there any living reason why they should

not arrive. There is a sufficient Home Trade to justify them in all the great industries which have given England her position in the world, and which still constitute a good three-fourths of all her trade; while as a fighting force in her Foreign Trade, the mass and weight of capital behind each of their keen cutting blades would, whether in resistance to the "dumping" of other nations on us, or in helping us to dump on them, be an enormous industrial asset in our favour. The sharing of the spoils with these great magnates, as a legitimate offset to the extra profits which their monopolies permit them to enjoy, is a separate matter, and belongs to the domain of Politics and Legislation, if, as is most probable, their beards will have to be trimmed and their locks cropped in some proportionate measure to the privileges which, as monopolists, they will enjoy. But as it is only the economic and purely business aspects of the matter that I am considering, this need not now concern us. What I wish to emphasize here is simply this, that no political movement, whether in the direction of the most aggressive Socialism or of the most rigid or reactionary Conservatism, can arrest the progress and development of Industry in England from the stage of Competition to that of Combination; and that in the transitional period between the two, on which we are now only just entering, great Trusts and magnates here, like those in America, will find their way into our Bank parlours precisely as they have done there, and with the same danger to Banking stability and credit here, during the period over which the transition lasts, as we have seen there. And when that period is fully entered on, no longer will the frock-coated gentlemen who preside over these Banks enjoy that sweet repose which they own at present; nor the Banks over which they preside, that confidence and stability which is theirs to-day. At the present time, and, indeed, for generations, the Boards of Directors of the great English Banks have, like the Jewish Priests in the Temple Service, held themselves unspotted in their high calling, and

have preserved unsullied the semi-sacred traditions of their office—of high business honour, integrity, decorum, and scrupulosity in the minutest matters of their Law,—but once the exploiting magnates of the coming Trusts have entered in, they will, like the money-changers who had their seats in the outer courts, transform them into Boards of hustlers and stock-exchangers rather, shoving their sheaves of securities, good and bad alike, into their managers' hands by compulsion, and making of the Banks themselves convenient houses of resort for the driving home of accommodations and deals between themselves and their fellow-conspirators. That is the idea, a little overcharged, perhaps, to bring out my meaning and conviction, for purposes of illustration,—but it may stand. Besides, it is a thing not for the present but for the future to see, if at all.

---

# INDEX.

	PAGE
<b>A</b>	
America, Unity with ...	220
Asceticism, Practice of ...	87
Ashley, Professor ...	12
Augustin, St. ...	85

<b>B</b>	
Banking System, Dangers of	
American ...	308
Milhonaires and ...	310
Banks, Faults in English ...	290
Bax, Mr., on Marx's Book ...	61
Benson, Mr., on Public Schools	195
Blatchford, Mr. Robert ...	3, 16
On Surplus Wealth ...	69
Attitude to Inventors, etc	70
Buckle, Divisions of ...	80
Sociology of ...	116

<b>C</b>	
Capital, Saving and ...	248
Carlyle, Sociology of ...	7, 114
On Political Economy ...	199
Carnegie, Mr. ...	6
Chamberlain, Mr., Residuum	
under Scheme of	209, 214
Colonies and ...	210, 215
On Tariff ...	259
Herr Houston, his "Foundations of the XIXth Century ...	111

	PAGE
Christianity, Mr Kidd and ...	84
Effect on Civilization ..	86
How Paganism crossed to	93
Church, Method of ...	227
Civilization, Kidd on ...	80
Great Problem of ...	83, 93
Kidd's Theory of, useless	89
What Kidd should have given us on ...	90
Kidd's Confusion of Categories in Principles of	91
Not a Natural Product ..	287
Colonies, War and ...	217
How to Deal with ...	218
Comte, His Three Stages ...	80
Mr. Wells and ...	98, 110
Sociological Factors of ..	117
Competition, Combination and	256, 312
in Banking ...	315
Credit, Bank of England and	302

<b>D</b>	
Durkheim, Professor, Sociology	
of ...	114
On Spencer ...	117

<b>E</b>	
Economists, Old, on Free Trade	164
Mistakes of ...	170

	PAGE
Economy, Political, Old ...	8
Producers and Consumers and ...	157, 164, 212
Illusions of... .	160
Résumé of New ...	208
Edison ... ..	7, 19
England, National Ideal of	189, 191, 197
Importance to World of ...	194
To Re-stock Fields of ...	210
Bank of ..	288, 305, seq.
Equality, Marx on ...	65
America and Doctrine of...	226
Evolution, Party of and Political Problems ...	223, 226
Principles of Party of	228, 235
Whom Party of, Suited for	239

## F

Faltnans, not True Socialists ...	41
Why their Methods Impos- sible ... ..	44, seq.
On Inventors ... ..	69
Families, Man goes in	22, 45
Family, Socialists and Institu- tion of ... ..	30

## G

Galton, Sir Francis, Wells' Treatment of ...	110
George, Henry, and Landlordism	161
Justice and... ..	246
Land Taxers and ... ..	254
Gladstone, on Saving ...	249

## H

Hyndman, Mr. ...	29, 59
------------------	--------

## I

Ideal, The, in America, Germany, England, Scotland... ..	189
Knowledge not England's	193, 197
Consequence of England's	194
New, for England ...	197
Industry, Feudal and Scientific	177
American Constitution and	178
No Centralization of, in England ... ..	180
Social Democracy and ...	181
Social Aristocracy and ...	182
State, Non - interference with ... ..	187
Inequality, Love of ...	68, 74
Inventors ... ..	7, 17, 30
Pay of ... ..	36
Marx on ... ..	62

## J

Justice, Economic ...	11, 14
Of Power ... ..	15
Mixing of Races and	121, 124
Social ... ..	23, 125
Definition of ...	26, 231
Idea of, Stolen from Christianity ... ..	33
Economic Rights and	35, 38
Marx on Economic ...	62
Idealists and ..	163
In Taxation ... ..	246, 260

## K

Kidd, Mr., On Spirit of Past and Future ..	81, seq
Kitson, Mr., On Money Problem ... ..	107



	PAGE
<b>L</b>	
Labour, Trade Unions and ...	162
Old Economists and ...	164
Laissez-faire, An Age of	214, 283
Taxation and ...	245
Bank Credit and ...	302
Lowenfeld, Mr. Henry, Tariff Scheme of ...	261

<b>M</b>	
Macrosty, Mr., On Trusts ...	314
Marshall, Professor, Separating Consumption from Production ...	274
Finds no Surplus ..	278
Marx, Karl ...	5
His Book on Capital	59, seq.
Political Economy of ...	67
Fallacies of ...	68
On Taxation ...	246
McDonald, Mr. Ramsay ...	3
"The Tail" and ...	55
On Taxation ...	246
Mill, John Stuart, On Infant Industries ..	142
Political Economy of ...	161
Money, Love of ...	78, seq.
Dear and Cheap ...	295

<b>N</b>	
Nature, Powers of ...	6

<b>O</b>	
Origen ...	88

<b>P</b>	
Past, Mr. Wells on uselessness of... ..	101

	PAGE
Perdicaris, Mr. Ion, suggestion of, on 'units of value'...	107
Present, Mr. Kidd on Living in ... ..	81, 92, seq
Press, Attitude of ...	240
Origin of English...	241
"Statesmen" and ...	241
Producers, Consumers and	157, 212
Production, Instruments of, 256, 264, 283	
Marshall on Consumption and ... ..	268, 280
Surplus ... ..	271, 278
Protection, Conditions which Justify ... ..	141
England and ... ..	142
Gives National Guarantee	145
Hobson, Caillard, Holt- Schooling, Byng, on...	151
Wages and... ..	213
"The Boss" under ...	221

<b>R</b>	
Race Degeneration, causes of	182
Difficulties in dealing with	183
Sociology and ... ..	184
Remedies for ... ..	186
Races, Mixing of	121, 186, 288
Government Fallacies in Mixing ... ..	124
Why Wish to Mix ...	126
Spencer on Mixing ...	126
Admixture in Europe ...	128
Four Alternatives in	129
Roosevelt, Negro and ...	120
Rousseau, Negro and ...	226
Justice and ... ..	281
Ruskin, On Division of Pro- duct ... ..	163

	PAGE
<b>S</b>	
Samnurai, Mr. Wells, 99, 104, 107, 109	
Shaw, Mr. Bernard . . . . .	3
On Taxation . . . . .	246, 250
Fallacies of his Scheme . . . . .	252
Smith, Adam . . . . .	8
Snowden, Mr. . . . .	3
On Taxation . . . . .	246
Socialism, Boredom of . . . . .	70
Socialists, Proposals of . . . . .	4
Sympathy with Rebellion . . . . .	37
Their Utopia . . . . .	71
What, Stole from Christi- anity . . . . .	73
Marxian . . . . .	234
Taxation . . . . .	246, 250
Eminent, Wells on... . . . .	110
Sociology, Problem of... . . . .	105, 115
Based on Past . . . . .	106
Its Function . . . . .	113
Durkheim and . . . . .	114, 116
Laws of, whence drawn . . . . .	114
Buckle's, Carlyle's, and Hegel's Factors of . . . . .	116
Mr Branford and .. . . .	118
False, and Race Degener- ation . . . . .	135
Spectator, on Buying and Selling . . . . .	184
Spencer, Herbert—Mr. Wells on . . . . .	99
Sociology of . . . . .	117

**T**

Taxers, Land, Schemes of . . . . .	254, 258
Taxes, Shifting of . . . . .	257
Tertullian . . . . .	88
Trade, Laws for Building up... . .	155
Like Locomotive Engine... . .	185
Complementary . . . . .	202
Historical résumé of . . . . .	205

	PAGE
Trade, Free, Conditions that favour . . . . .	140
England and . . . . .	153, 169
When, is false . . . . .	166
Historical Survey of . . . . .	168, 176
To run England under 171, 183, 277, seq	
Cosmopolitanism and 146, 188, 196	
Reasons for throwing out . . . . .	195
When Profitable . . . . .	202
Universal . . . . .	207
In Gold . . . . .	300
Traders, Free, Illusions and Fallacies of . . . . .	142, 186, 200
Peaceful Exchange and 201, seq	
Surplus Production and 273, 275, 277	
Their Theory of Capital . . . . .	231
Complementary Products and 282	
Turkey, New Constitution of . . . . .	122

**U**

Utopia, Foundation of Mr. Wells' 10'	
Utopias, Mr. Wells on . . . . .	99, seq
Easy to Construct . . . . .	10'

**W**

Webb, Mr. Sidney, Scheme of, and Mr. Bernard Shaw 51, 25'	
Wells, Mr., What he ignores 46, seq.	
Scheme of . . . . .	54
Indebtedness of . . . . .	106, 111
Claims for his Utopia . . . . .	107
Wheel . . . . .	155
Producers and Consumers on 157, 167	
Withers, Mr. Hartley, on Bank of England . . . . .	300